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Riordan Roett *Democracy and Debt in South America*
Chalmers Johnson *East Asia: Living Dangerously*
Jennifer Seymour Whitaker *Africa Beset*
Chronology 1983

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AMERICA AND THE WORLD 1983

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EDITOR'S NOTE

This special issue is a challenging undertaking. Unlike regular issues where it is possible to consider postponing a manuscript, all the articles for this one must be brought to concert pitch. Once again we are deeply grateful to our authors for accomplishing this, often under considerable pressure.

Last winter our periodic reader survey included special questions directed to the usefulness of this annual review, now in its sixth year. The response was highly encouraging, with a substantial number of the randomly selected respondents also indicating that they found the issue valuable for teaching purposes. As usual, we shall have a supplemental paperback edition distributed through the Pergamon Press, with particular emphasis on the academic market.

The Editor has not previously written for this issue. He has done so now, not because he is retiring this June, but solely to fill the gap created by the last-minute incapacity of the author originally selected.

For the first time in 14 years the masthead does not include the name of James Chace, who has left us for the Book Review Section of *The New York Times.* His service as Managing Editor has been invaluable and personally warming to all his associates. To the Editor he has been an extraordinary colleague, wise in judgment, enterprising and imaginative in producing ideas and seeking out special authors, innovative on design and format, effective and deeply involved in every aspect of our operation—and a delight to work with. We wish him all success in his new undertaking.

An equally serious and poignant loss is the retirement of Grace Darling Griffin. Since 1961 she has brilliantly handled promotion and book advertising, and for a substantial period general advertising as well. Her efforts have played a major part in moving *Foreign Affairs* from a 1961 distribution of roughly 25,000 copies to its present level of nearly 100,000. In the world of books (including the Council's Book Program) she has been a living legend. And her counsel and encouragement have been a constant inspiration to us all. She will not be easily replaced in her tasks, and never in our hearts.

The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any article, signed or unsigned, which appears in its pages. What it does accept is the responsibility for giving them a chance to appear there.* The Editors.

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William P. Bundy

A PORTENTOUS YEAR

In the memory of the American public, three events, or sets of events, stood out in 1983. The first was the September 1 shooting down, by a Soviet fighter, of a Korean Air Lines flight that had strayed into Soviet air space and was carrying 269 civilian passengers, including 61 Americans; in the aftermath, favorable American opinion toward the Soviet Union dropped to a 27-year low, and the incident aborted what had been brief hopes for better communication between Washington and Moscow and some progress at least on minor issues.

Then, in late October, disaster and triumph came hand in hand. On October 23 a terrorist truck-bomb destroyed the headquarters of the U.S. Marine contingent at the Beirut airport, claiming the lives of 241 Marines. It was the very weekend when the President and his advisers were deciding on the occupation two days later of the small island of Grenada in the Caribbean. First called an invasion but later styled a rescue mission, the occupation was a complete military success, relieving fears that several hundred American medical students in Grenada might have been taken hostage by what loomed as an extreme Marxist military leadership. Although criticized abroad, it won the quick and strong approval of the American public, partly because the Administration's reasons for acting appeared to be borne out by subsequent evidence and partly because the action hit a particularly vivid chord in the national memory—that the United States should not again experience anything resembling the 1979–80 hostage crisis in Iran, and especially at the hands of Cuba-backed communists.

And then, on November 22, the West German parliament gave its final approval to the initial deployment of intermediate-range U.S. missiles (INF) in Germany, and the Soviet Union at once responded by breaking off the Geneva INF negotiations—followed shortly by refusal to set resumption dates for the strategic arms talks (START) and those on European force reductions (MBFR). Whether and how arms control negotiations could be renewed was wholly uncertain by the end of the year, and the state of relations,

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William P. Bundy is the Editor of *Foreign Affairs.*

particularly of communication, between the two superpowers was at a longtime low.

The Grenada occupation and NATO's ability to carry through the initial INF deployments in the face of determined Soviet pressure on Europe were, at least in domestic political terms, clear successes for President Reagan. By December, his poll ratings both for overall performance and for the handling of foreign policy had recovered from the trough of 1982 and much of 1983 and were back at the honeymoon levels of late 1981. An enormous assist to the President's standing was the U.S. economic recovery of 1983, which exceeded the projections of Administration and other economists (though not those of the President himself), with an estimated 3.4 percent growth rate for the year and an inflation rate that had dropped below four percent. As columnist Joseph Kraft put it, "Ronald Reagan has made the country feel good about itself."[1]

For the Administration, there was thus a large bright side to the picture of the year. On the other hand, the same polls showed a new degree of public worry about the dangers of U.S. involvement in war; with economic anxiety declining, foreign policy had emerged—as it rarely does—as the foremost single concern.[2] This was centered primarily on the Middle East, where the mission and usefulness of the Marines—approved in September by the Congress with a generous 18-month time limit—were increasingly questioned both by Congress and the public, and where a series of incidents between U.S. and Syrian forces (including the shooting down of two U.S. aircraft and subsequent bombardments by the battleship *New Jersey*) suggested a situation that might get out of control and even involve Syria's Soviet backers.

After a long series of difficulties with Israel under Menachem Begin, the Administration moved in November to tidy the relationship through a new agreement on "strategic cooperation" with his successor, Yitzhak Shamir, but this remained vague (and in Arab eyes disturbing), and by the end of the year there was another sharp disagreement with Israel over Yassir Arafat and the Palestine Liberation Organization, with Arafat once again driven out of Lebanon, this time by Syrian-backed PLO rebels. Whatever hopes there might be for a renewal of negotiations on the Palestinian issue seemed secondary to the growing likelihood that Lebanon itself would become either chaotic or dominated by Syria—or perhaps both—and that there was little that the United States or Israel could do to prevent this. The ultimate specter of a sixth Arab-Israel war—this time between Syria and Israel—lurked in the minds of both serious observers and policymakers, with the Soviet military presence and practical alliance with Syria adding a particularly disturbing element.

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[1] Joseph Kraft, "It's Been a Reagan Year," *The Washington Post*, December 29, 1983, p. A17.

[2] In December, a poll by Yankelovich, Skelly & White asked what were the main problems facing the country. The leading answer was "danger of war," at 31%. Three other foreign policy issues—the Middle East, the nuclear arms race, and Central America—were in the top six stated subjects of concern. *Time*, December 26, 1983, p. 13.

And in Central America and the Caribbean, the tonic of the Grenada occupation had to be set alongside a deteriorating situation in El Salvador, with the guerrillas making substantial gains and the government unable to control right-wing death squads despite growing pressure and statements from the Administration, including Vice President George Bush. Toward Nicaragua, Administration policy had shifted gears in June and July, with a program of maneuvers and other military threats apparently designed to bring the Marxist regime there into serious negotiations—but hard to distinguish from preparations for outright U.S. intervention. The negotiating track initiated by the four-nation regional Contadora group had not got off the ground, and it seemed that the Administration itself had not made up its mind whether it could accept a Marxist Nicaragua even under negotiated safeguards against external interference from outside or within Central America.

Even the Administration's good economic news had its obverse international side. Continued high U.S. interest rates and a strong dollar—linked almost universally to the scale of present and especially prospective budget deficits—were blamed by European governments for their own lagging recovery, and more concretely made it difficult to see how the Latin American debt crisis that had emerged in 1982 could be handled either from a financial standpoint or in terms of the social and economic strains in key South American countries. The Administration had worked closely with the International Monetary Fund and the commercial banks in dealing with the immediate need—and the U.S. contribution to the IMF was increased after a long and close-run congressional fight. But at best the problems were held at bay, and 1984 looked more difficult. In these and other respects, President Reagan was paying a high international price for sticking rigidly to his fundamental policies on tax cuts and a massive military buildup, but there was little sign that the grave problem of structural budget deficits would be tackled convincingly in a 1984 election year.

In East Asia too there were gains and problems. Relations with China were smoothed, and in Japan the advent of Prime Minister Yasuhiro Nakasone led to constructive steps on both sides—but by the end of the year his narrow election victory cast a cloud over the continuation of these trends in a crucial relationship. And in the Philippines, a beleaguered Marcos regime, tarred with the tragic assassination of opposition leader Benigno Aquino, confronted the Administration with a new version of the problem of declining authoritarian regimes, with echoes of the Shah in 1978-79.

All in all, it was not a year that went as the Administration had hoped, on most key fronts. In its still-dominant East-West prism of judgment, there was the consolation of Soviet failure to prevent the INF deployment in Europe, and the prolonged illness of Yuri Andropov gave Soviet policy an air of indecisiveness. But equally there were disturbing signs of increased military influence in the Kremlin, and neither Americans nor the rest of the world could take comfort from the impasse between the superpowers. If the tests of 1983 were weathered after a fashion, the prospect of issues reaching a boil in 1984—especially in the Middle East—was a daunting one.

II

How American foreign policy is conducted always turns on four elements: the central views, style and characteristics of the President himself; the coordination of policy within the executive branch, including the relative influence of key advisers; relations with the Congress; and the level of popular support for the Administration and especially for the President personally.

That Ronald Reagan has left a clear stamp on American foreign policy is beyond question. No President has gone so far in personal criticism, even denunciation, of the Soviet Union, nor has any recent president been so inclined to see the Soviet hand in all the world's troubles. And it is basic to this view that this President has continued to insist that the key to dealing with the Soviet Union is the attainment at least of military parity and preferably a degree of superiority.

This central approach was again manifest during the year, especially in the President's March speech to an evangelical gathering, in which he described the Soviet Union as an "evil empire"; the speech obviously came from the heart, and can hardly have been fully checked by a State Department that might have recalled that this phrase had been used by others including Adolf Hitler. Shortly after, the President delivered what came to be called his "Star Wars" speech, urging a massive effort to develop a space-based defense capability against strategic missiles; again the thrust was personal and there was evidence of incomplete staff work—only a few days later did the President suggest that some future president might consider cooperating with the Soviet Union on a possibility that it was bound to find deeply threatening.[3] And, most basically, the President remained adamant on two key and related issues: refusal to consider even contingent tax increases effective in 1985, and a five-year military program under which the military budget was proposed to rise by ten percent (after inflation) in fiscal 1984. On the latter issue, the President's inflexibility probably lost him a chance to achieve a compromise figure of about a seven percent increase; in the end, Congress voted one of only five percent.

In terms of specific issues, the President's grasp remained uneven. In 1982 he had clearly put his personal stamp on the Reagan Plan for addressing the Palestinian issue. And in April 1983 he spoke comprehensively for the first time on policy toward Central America, in a major address. At the Williamsburg Summit in May, he was a firm and tactful chairman and on top of his brief—while leaving it to Treasury Secretary Donald Regan to make the most important single statement of the gathering—that whatever the seven leaders agreed about the importance of addressing structural budget deficits, the United States would not move to raise taxes until after the 1984 elections. In his three encounters with Prime Minister Nakasone, Reagan achieved considerable personal rapport, and his additional trip in November, to a South Korea in shock from the loss of several Cabinet members to a North Korean terrorist attack in Rangoon, was handled with care and skill.

But on a host of less formal occasions the President continued to make significant misstatements and to describe policy in varying terms, often to the confusion of his own State Department and more seriously to that of foreign leaders.[4] Even to sympathetic members of the White House press corps, the fact that he was fully in command of details of the Grenada occupation was a newsworthy exception to his generally loose command of the specifics of foreign policy issues.[5] And the picture of a President with strong fundamental views but little grasp of subtlety or detail was certainly predominant among foreign governments.

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[3] That the United States should share the relevant technology with the Soviet Union very soon was urged late in the year by two elder statesmen, former President Richard Nixon and former Secretary of State Dean Rusk. See "Some Practical and Realistic Advice," *Time*, January 2, 1984, pp. 38, 40.

[4] In early December, for example, a series of apparently conflicting presidential statements about American intentions in Lebanon confused President Amin Gemayel of that country to the point where he requested clarification. Gemayel apparently felt the statements were at variance with what he thought the President had assured him of in his visit to Washington just before. A noteworthy instance of the President's loose grasp of detail was his candid admission, in October, that he had never fully taken in the fact that the Administration's May 1982 START proposal, in stressing sharp reductions in land-based strategic missile forces (while excluding bombers), was dealing with an element that comprised a high percentage (72% in fact) of the total strategic missile force on the Soviet side and a much lower percentage (22%) on the American side. See also footnote 8.

But the President also again demonstrated during the year one conspicuous asset—the ability to deliver a home run in a major televised address. Not since Franklin Roosevelt had a President been more effective in this kind of national reach, and the results were clearly evident on several occasions in 1983—including his State of the Union address in January,[6] his Central America speech of April, and most notably his October 27 speech pairing an explanation of the Grenada occupation with a defense of the mission of the Marines in Lebanon. This President has shown a special capacity to appeal to the American public over the heads of the Congress, and the effect has been not only to increase his public support but to cause his critics to think twice before taking him on frontally.

Mr. Reagan was less successful in achieving full coordination of his foreign policy team. Although Judge William Clark made a valiant effort to coordinate policy on obvious key issues, the National Security Council has apparently been used only rarely to develop systematic policy papers or, above all, to anticipate future problems. The State Department/Pentagon fault line of the Reagan Administration's first 18 months was somewhat less evident,[7] but there was still constant guerrilla warfare between hardliners and those with more pragmatic views.

Most notably, whereas in late 1982 it had appeared possible that Secretary of State George Shultz would emerge as the clearly dominant presidential adviser, this never really happened. Shultz was to the fore in Middle East policy, and apparently played a key role on the international economic front, especially the response to the primarily Latin American debt crisis. Under his influence, the issue of East-West trade policy that had so troubled NATO relationships in 1982 was muted—with the Pentagon taking the lead in a determined program to catch exports of militarily significant technology and equipment to the Soviet Union. And Shultz's steady hand was also evident in the management of several key bilateral relationships—including Japan, China, and Canada (where there had been serious friction in 1981–82).

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[5] In late October, Lou Cannon, White House correspondent for *The Washington Post* and the writer of a not unsympathetic biography of the President, quoted a congressional leader's remark that "Reagan displayed 'an unusually detailed grasp' of strategic details" concerning Grenada. *The Washington Post*, October 26, 1983, p.A1. Cannon quickly admitted he had thought the comment newsworthy because of its contrast with the more usual picture of presidential grasp.

[6] One responsible poll took readings just before and just after this address and found—in response to a question whether the country was headed in the right direction—that the affirmative percentage was 43% before the speech and rose to 58% after it. ABC News/*The Washington Post* poll, summarized in its Survey 0091, Question 9. Daniel Yankelovich has written that in the "pre-Watergate" era, a President "could count on adding up to 50 percent of the electorate to his support column" after he announced major foreign policy decisions. "Farewell to 'President Knows Best,'" *Foreign Affairs*, America and the World 1978, p. 670. While President Reagan's impact has hardly brought the country back to that period, it is certainly far greater than that of his recent predecessors.

[7] See Andrew Knight, "Ronald Reagan's Watershed Year?" *Foreign Affairs*, America and the World 1982, pp. 517–521.

But the Secretary of State had a severe shock in May in the dismissal of his Assistant Secretary for Latin America, Thomas Enders, who had been handling Central America pretty much on his own since the spring of 1981. Enders apparently believed that, bad as the Marxist regime in Nicaragua was, it could not be removed short of a U.S. military intervention, which he considered both unwise and not in the cards in terms of domestic support. This view was sharply contested by Judge Clark and particularly by Jeane Kirkpatrick, the Latin Americanist Ambassador to the United Nations. And for a time these two officials appeared to have taken over policy toward Central America, with a series of moves in July that were loosely handled to the point where Shultz felt impelled to make a personal protest to the President in early August about lack of coordination. In due course, the policy lines on Central America seemed to return to the State Department, with a new non-career Assistant Secretary, Langhorne Motley, who was both decisive and trusted at the White House. But by September there was a clear sense that Shultz was losing stature.

Then, in early October, there was a sudden turnaround. When James Watt was pressured to resign as Secretary of the Interior, Judge Clark volunteered to be his successor, and the President accepted his wish to get away from what Clark had found to be great strains in pulling policy together and in dealing with his White House colleagues and with the major departments. The resulting competition to succeed him was short but bitter—James Baker, the active and effective White House Chief of Staff who was also under continuing fire from hard-core "Reaganauts," made a bid for the job, and in response Jeane Kirkpatrick was pushed by those same Reaganauts. Instead of either, the President chose Robert McFarlane, who had been Clark's deputy and then briefly the President's Middle East negotiator. With experience in previous Administrations, McFarlane was primarily a steady coordinator, although he could still inject his views forcefully (but invisibly) on occasion. Under him the machinery appeared to work more smoothly, but the sheer pressure of working in an atmosphere of conflict was obviously taking a heavy toll by the end of the year, especially on the White House staff.

To describe these events is not to suggest that a smooth decision-making process is necessarily the hallmark of successful foreign policy: there have been many examples to the contrary, including that of Franklin Roosevelt. At the end of its third year, the Reagan Administration was hardly riven by the kind of deep top-level differences that President Carter never resolved between Secretary of State Cyrus Vance and National Security Adviser Zbigniew Brzezinski. But the tendency to sharp and personalized infighting remained, and was not neglected by media that were often its channels.

In executive-congressional relations, 1983 was certainly a landmark year. In his first two years the President had overwhelmingly had his way with Congress without the serious efforts toward bipartisanship that had been conspicuous, for example, in President Eisenhower's dealings with a Democratic Congress (not to mention President Truman and the Republican Congress of 1947–49). But by the beginning of 1983, the Administration was blocked by the Congress on one key element in its defense program—the MX missile—and was in serious difficulty in getting support for its actions in Central America.

In response, the Administration borrowed from the model of the Greenspan Commission, which in early 1983 produced a bipartisan consensus on social security adjustments to keep the system solvent, so that the Congress dealt successfully with this issue (although the adjustments still fell way short of what would be needed to meet the problem of the structural budget deficit). On the MX, another bipartisan commission was created under the chairmanship of retired General Brent Scowcroft, who had been National Security Adviser under President Ford. The Administration's hope was that the Commission--stacked on the Democratic side with strong defense advocates—would back the MX and get it over the hump. As it turned out, the Scowcroft Commission did endorse the MX, but only on a limited basis and with a new emphasis on moving to single-warhead strategic missiles (notably the so-called Midgetman project for the late 1980s or early 1990s) and on seeking arms control agreement to reduce multiple-warhead missiles especially.

The latter theme was promptly picked up by congressional leaders (including the Republican Senators William Cohen and Charles Percy) already concerned about the rigidity of the Administration's position in the START talks, and the result was an initial deal under which they agreed to support the MX but only on condition that the Administration come up with a more forthcoming START position. The fact that the MX had, as usual, to run the gauntlet of four separate votes during the year gave the congressional leaders continuing leverage, and when the Administration had failed to move by August, they really put the heat on, in favor of a so-called build-down proposal under which new strategic missiles would be compensated by greater reductions in existing missile forces, while at the same time the United States would agree to discuss reductions in its bomber force as part of an overall package.[8]

The result, in October, was that President Reagan—still constrained by one remaining critical MX vote—yielded to the congressional group and agreed to include in the U.S. START position a revised version of the build-down proposal. Whether the new proposal would get anywhere was wholly unclear at year's end—with the Soviet refusal to come up with a date for resumption of START talks—but it remained an extraordinary example of direct congressional impact on the substance of policy.

Central America, too, was a running fight during 1983, but with somewhat different results. What seemed for a time to be a likely showdown over congressional appropriations to support "covert" operations against Nicaragua was finally resolved by a compromise six-month appropriation in October. And while the Congress, especially the Democrat-controlled House, continued to insist on human rights conditions on military aid to El Salvador, and cut appropriations for this purpose below the Administration's wishes, it saw the danger—especially after the President's April speech—that Congress and the Democratic Party would be blamed for the "loss" of El Salvador and gave the Administration much of what it asked.

Then, whereas Congress had not intervened in the Administration's Middle East policy either during or after the Lebanon war of 1982, the events of September 1983 brought on an intense debate. The specific issue was the continuation of the Marine contingent at the Beirut airport, which was already under attack. And on this issue Congress—primarily but by no means solely the Democratic House leadership under Speaker Thomas O'Neill—insisted that the War Powers Act of 1973 must apply. The Administration strenuously resisted, to the point of arguing that this Act was actually unconstitutional, and in the end the pressure of events produced an authorization for the Marine presence to continue against a time limit of 18 months, with each side stating its position on the applicability of the War Powers Act. While the President's highly effective speech of October 26 defused the issue for the balance of the year, there was every indication by early January 1984 that a bipartisan coalition in the Congress would move in the new year to set a short deadline for the withdrawal of the Marines. Plainly Congress was becoming increasingly firm that it had to be consulted in the fullest manner on any action likely to involve U.S. troops in hostilities—and the implications extended to Central America as well as the Middle East.

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[8] See Alton Frye, "Strategic Build-Down: A Context for Restraint," *Foreign Affairs*, Winter 1983/84, pp. 293, 295. (This article—p. 296—is also my source for the percentage figures in footnote 4 above.) An unusual contribution to the American debate on how to achieve strategic arms reductions was made during the year by the distinguished Soviet physicist and political dissident, Andrei Sakharov. In "The Danger of Thermonuclear War," *Foreign Affairs*, Summer 1983, pp.1001–1016. Dr. Sakharov argued fervently for massive nuclear arms cuts (and for building up Western conventional forces); but he also noted that effective negotiations with the Soviet Union might first require continued U.S. strategic modernization, including perhaps MX itself (pp. 1012–13).

A fourth front in the executive-congressional relationship concerned the approval of an increased U.S. contribution to the International Monetary Fund, on the lines agreed by the Administration in February with other major nations. The U.S. contribution was strongly supported not only by the Administration but by a wide spectrum of informed opinion, including Democratic presidential candidates. But it ran into a buzz-saw of opposition from right-wing Republicans who saw it as a bailout of improvident debtor countries, and liberal Democrats who saw it as a bailout of greedy U.S. banks; the chairman of the relevant House subcommittee had still another bone to pick, demanding increased housing funds above the Administration's program. The result was a prolonged and often doubtful fight. In the end, the President weighed in personally, and the increase was approved on November 18, with the House vote close.

Finally, on Central America, the Administration tried still a third commission approach. Accompanying the stepped-up military pressures against Nicaragua of July, the White House persuaded former Secretary of State Henry Kissinger to chair a National Bipartisan Commision on Central America. This time the selection process seemed almost haphazard, and the commission was far from having the combination of bipartisanship and expertise of the Greenspan and Scowcroft Commissions. But under Kissinger's energetic chairmanship, it went about its business with the utmost seriousness, looking to a report in early January 1984. Only a few largely self-selected members of Congress were involved, however, and it remained to be seen whether the commission report could produce any semblance of national consensus either on short-term issues or longer-term measures—such as the often-suggested "Marshall Plan" for the area.

All told, it was a remarkable year in the relations between

President and Congress. And the growth in congressional self-confidence seemed likely to extend well into 1984.

Congress always looks in two directions, abroad with genuine views on foreign policy, but with a weather eye to the state of public opinion. And the latter is particularly influential as a presidential election year approaches: no position of the President or the Democrats in Congress in 1983 could be traced predominantly to the election factor, but its shadow was inevitably present, notably on Central America where the differences were sharpest.

There was no question that the President's personal standing improved markedly during the year: in the careful periodic polls of Daniel Yankelovich his overall approval rating went from 45 percent in March to 59 percent in September and 60 percent in December—returning to the level of late 1981.[9] The more frequent Gallup Poll showed a particular rise after the Korean airliner shootdown and again more strongly after the Grenada occupation.[10] And his rating for foreign policy moved in step.[11] By the end of the year, one particularly significant indicator was a strongly favorable balance on the question of whether the President could be trusted to make right decisions in foreign policy.[12]

To some informed observers, this rise seemed hard to square with public perceptions of the danger of conflict and with what was clearly a distinct change from the assertive public mood at the outset of the Reagan Administration. In November a bare majority in one poll thought that the situation in Lebanon would lead to U.S. involvement in war, while the same poll showed a substantial majority against the proposition that the stakes there were important enough to warrant a conflict.[13] And the sentiment against any direct U.S. intervention in Central America appeared at least equally strong. But the President was still rated far better than President Carter had been.[14] And if the national mood was one of avoiding confrontation and seeking agreements with the Soviet Union and others if possible, it appeared that, while the public showed only moderate confidence in the President's peacekeeping capabilities, it did believe that he had made a real effort to go halfway toward the Soviet Union. In this he was surely helped by Andropov's rigidity over the NATO missiles, and especially the Korean airliner shootdown, which in a Gallup Poll reduced American favorable views of the Soviet Union to a level of nine percent, the lowest since 1956 and significantly below the 13 percent level reached after the Soviet invasion of Afghanistan in early 1980.[15]

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[9] *Time*, December 26, 1983, p. 13.

[10] The Gallup Poll found that Reagan's performance rating rose 4% between late August and early September (from 43% to 47% approving). Before the Grenada invasion, the President's approval rating was 46%; after, 53%. The approval of high school graduates increased most: 45%–60% before and after Grenada. Men approving of Reagan increased from 47% to 58%. October 16 and November 20, 1983 (press releases).

[11] Reagan's foreign policy rating in early November was 55% approving, 37% disapproving; in January, 45% approving and 33% disapproving, and in September, 42% and 50%, according to ABC/*Washington Post* polls, Survey 0091. In early November, 69% approved Reagan's handling of the situation in Grenada; 24% disapproved, according to the same poll.

[12] The same poll, concluded on November 7, found that 62% of Americans trusted the President to make the right decisions; 34% did not.

[13] In the same poll, 45% of Americans believed the U.S. would go to war in Lebanon; 44% did not. Asked whether Lebanon was important enough to risk war, 56% responded no, 33% said yes.

[14] In early November, 51% said Reagan was handling foreign affairs better than Carter; 18% said not as well. ABC/*Washington Post* Survey 0091.

Overall, the public mood appeared uncertain and potentially volatile. But there was clearly a substantial degree of underlying confidence in the President personally, and Grenada in particular had impressed the man in the street as proof that this Administration would "stand up for America."[16] The President's standing and power were at the same time heavily personal: none of his advisers had generated substantial public support or the kind of prestige and respect enjoyed in the past by such powerful Secretaries of State as Henry Kissinger, or earlier by George Marshall. And the President's own standing depended heavily on an ability to articulate his position that might be severely tested if complex situations came to a head in 1984. For the time being, however, his power was great and it was noteworthy that little effective or concerted criticism had been mounted by the several Democratic presidential candidates.

III

Economic strength is the foundation of any nation's foreign policy. And throughout the postwar period the performance of the U.S. economy has had an enormous influence on U.S. power and ability to influence other nations—a positive factor till about 1970, and then increasingly negative during the 1970s as the United States faltered in coping with the energy crises and their economic consequences. In the Reagan Administration, economic policy has been equally important for U.S. standing abroad. The Administration's emphasis on combating inflation has been almost universally shared with other industrialized nations, and it was accepted by all that the United States must lead in emerging from the 1979–82 recession; but how it did this also mattered greatly.

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[15] In 1973, 45% of Americans held a favorable opinion of the U.S.S.R.; in 1976, 21%; in early 1979, 34%; after the invasion of Afghanistan, 13%; in 1982, 21%; and in September after the KAL incident, 9%. This was the lowest since 1956, when 5% held a favorable opinion of the U.S.S.R. The Gallup Poll, special report on opinion of the Soviet Union, October 23, 1983.

[16] The word "man" is deliberate. There remained a substantial difference between the responses of men and women on many issues, particularly foreign policy. In a *New York Times* survey in November, 57% of men approved of the way Ronald Reagan was handling foreign policy, while only 43% of women did so. In an ABC/*Washington Post* poll of October, the respective percentages were 64 for men and 48 for women.

Thus, the U.S. recovery in 1983 was in itself a big plus. But the fact that it was accompanied by continued high interest rates and a dollar substantially overvalued at least in commercial terms posed serious problems for other nations. True, they could export more to the American market—and did to the tune of an estimated $70 billion U.S. trade deficit, with the prospect that this deficit may approach $90 billion in 1984. Yet the high interest rates and strong dollar also operated to draw foreign capital to the United States, while at the same time raising the cost of dollar-priced oil to nations heavily dependent on oil imports. Almost certainly (as Sylvia Ostry argues in her accompanying article) the European tendency to blame the United States for their lagging recoveries was exaggerated, and neglected flaws in their own policies and performance; the debtor countries likewise had a substantial responsibility for their plight.

As these nations saw it, the twin problems of interest rates and the dollar were due largely to the unprecedented budget deficits that had arisen under the Administration's policies of substantial tax cuts, combined with a massive military buildup and with domestic spending cut only moderately so long as the so-called entitlement programs remained sacrosanct. The problem of escalating social program costs and transfer payments, outrunning the capacities of economies no longer growing as they had in the 1960s, was virtually universal among the industrialized nations—hence the so-called structural nature of a large part of budget deficits. But the inability of the United States to come to grips with this problem, even prospectively, not only cast a cloud over the solidity of the U.S. recovery but entailed heavy costs abroad. Certainly it was a major reason for the failure of the NATO countries even to consider increasing their defense spending. And for the less-developed countries and the middle-income debtor countries, U.S. policy was a drag that threatened any real recovery at all and made the debt burden ominous in financial and political terms.

Thus, President Reagan and the Administration were under a publicly subdued but privately vehement chorus of criticism and pressure throughout 1983 to show that the deficit would be brought down. And within the United States—largely for domestic reasons—there were similar appeals from an extraordinarily broad spectrum of responsible opinion. In March, for example, a bipartisan group of six former Cabinet members (including five Treasury Secretaries) framed an appeal for deficit reduction—by a balanced program of tax changes and expense cuts (including defense)—that enlisted the support of virtually every chief executive among the Fortune 500 companies.[17] And in Congress the same leaders who in 1982 had persuaded a reluctant President to accept a cumulative $80 billion package of adjustments were again active and in the fall of 1983 mounted a determined effort, with the Republican Senator Robert Dole again in the forefront, for congressional action on the very kind of contingent tax increases, effective in 1985, that had been formally part of the Administration's own budget proposals early in the year.

But the President refused to budge. In 1982, it had been apparent that most of his advisers privately favored something like the Dole package of that year. Now even their voices were silent, obviously at the President's strong command—with the conspicuous exception of Martin Feldstein, the Chairman of the Council of Economic Advisers. In effect Mr. Reagan was saying that tax increases and any significant reduction in the military budget were out.

It was a fateful decision, and it reflected the President's standing that he was able to stick to it. As always, Congress can block or modify parts of what an Administration seeks, but it has grave difficulty in taking an initiative. And the result, as all could see by the end of 1983, was that a problem of horrendous dimensions would be in the lap of whoever was elected in November 1984. For the intervening year can hardly see more than nibbling at the fringes of the problem, especially if the Administration seeks to restore the limited cuts in its military budget that Congress imposed in 1983 and goes for an increase on the rumored order of 15 percent or more (over and above inflation).

In effect, given the extremely limited scope of nonmilitary budget cuts now conceivable, the President was saying that the military buildup was paramount, and that the country should not be asked to pay for it now. It was a judgment seriously contested even by foreign leaders highly sensitive to military needs, who argued that on security grounds alone the negative impact of U.S. economic policy on the overall strength of the Alliance far outweighed the importance of U.S. defense increases, at least at the margin. To put it another way, such leaders believed that an extra $20–$30 billion of U.S. defense spending could wisely be forgone as part of a deficit reduction package that brought interest rates down and thus made the recovery in Europe and elsewhere stronger and more solid.

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[17] On January 19, five former Treasury Secretaries urged tax increases and deficit reduction. *The New York Times*, January 20, 1983, p. A1. On March 26, six former Cabinet members of both parties called for a $25 billion cut in military spending and for a reduction of the deficit from $175 to $75 billion. *The New York Times*, March 27, 1983, p. 37.

While this was surely the central issue of the year in the relationship between U.S. policy and the international economy, the Administration's performance on most international economic issues was steady and constructive, within the limits of political practicability. Protectionism edged up, in the United States and elsewhere, but President Reagan's free-market philosophy continued to apply and the line was generally held. The U.S. role in handling the debt crisis was generally effective.

At the end of the year, however, it became clear that there were still strong voices, especially at the Treasury, who retained their original negative attitudes toward the major multilateral financial institutions and did not extend to the World Bank the same exception they had come to make for the International Monetary Fund. Despite the urgent pleas of Bank President A.W. Clausen and the support of Secretary Shultz, the President decided in December to limit the U.S. contribution to the next three-year program of the World Bank soft-loan arm, the International Development Association, to a level of only $750 million per year; the action had the effect of reducing the overall IDA three-year program to $9 billion, well below the $12 billion Clausen had sought, which was itself below his and most responsible observers' $16-billion estimate of the needs of the IDA-dependent poor developing countries.[18]

It was a jarring note, especially at a time when U.S. bilateral aid programs were in continuing difficulty in Congress and ever more heavily committed to Israel and Egypt (and now perhaps to Central America). The issue was argued primarily in terms of straight economic need, but behind this there always lurked the question whether desperately poor countries would at some point behave in seriously disruptive ways, through renewed local conflicts or otherwise.

IV

Soviet-American relations in 1983 were heavily centered on the long-scheduled deployment of U.S. missiles in NATO countries. The 1979 NATO two-track decision to deploy these missiles, while at the same time seeking to negotiate an agreement with the Soviet Union, had been taken in response to the massive Soviet deployment of SS-20 mobile missiles from 1975 on, a move that may initially have been induced by simple military and technological momentum, but which soon came to be perceived (by the Soviets and equally by European leaders) as a strong means of political pressure.[19] The Carter Administration had also been moved to offset the negative impact of Carter's personal decision to drop the battlefield "neutron bomb" in early 1978, *after* he had committed doubtful NATO governments to that venture.[20]

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[18] Hobart Rowan, *The Washington Post*, December 8, 1983.

Many in the Reagan Administration felt that the 1979 decision had been bad to begin with. But the view that prevailed in early 1981 was that the deployment must go through as planned, above all to demonstrate that Soviet pressure could not exert a veto on NATO plans, especially in the nuclear area. Then, in its first 18 months, the Administration let fly a series of loose statements on possibilities of nuclear war-fighting and of a nuclear exchange confined to Europe; in effect it dug a hole already a foot deep to a much deeper level—contributing mightily to a growing peace movement in Europe that attacked the deployment as dangerous and provocative and tended to ignore the Soviet SS-20 initiative that had brought it on.

President Reagan's "zero-zero" negotiating proposal of November 1981 stemmed the tide somewhat (and for longer than might have been expected, as Christoph Bertram notes in his accompanying article). But by late 1982 the pressure from European countries was substantial for greater flexibility in the U.S. position.

Meanwhile, as came to public light only in early 1983, the U.S. negotiator in Geneva, Paul Nitze—by far the most experienced Administration figure on arms control and at the same time a longtime expert on NATO politics and Germany in particular—had made a daring move in July 1982. Without authority from Washington (which he obviously considered too divided to frame negotiable positions), he worked out the outlines of a possible package deal in preliminary conversations with his Soviet counterpart, Yuli Kvitsinsky, and then put his plan into a memorandum which Kvitsinsky and he edited together in a celebrated "walk in the woods" outside Geneva. In essence the deal called for reduced deployments on both sides, with a slight warhead edge to the United States (which would retain only 75 cruise missile launchers with 300 single-warhead missiles), as compensation for the United States dropping all the 108 Pershing II ballistic missiles, which could reach Soviet military targets in 10–15 minutes and were thus a particular source of concern to the Soviet Union as well as a particular target for the peace movement in Europe. Moreover, the plan ignored the Soviet negotiating ploy of insisting that missile totals be pegged to the levels of British and French strategic weapons in Europe.

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[19] "Die SS-20: Moskaus Superwaffe," *Der Spiegel*, September 26, 1983, pp. 170–191, contains an especially intersting history of the SS-20's origin and progressive deployment, including the fact that no picture of the weapon has ever been released to the press.

[20] In my judgment, the basic error was to go with the "neutron bomb," or enhanced-radiation weapon, at all. Despite the elegance of the new technology, its introduction was bound to complicate the whole problem of battlefield weapons in NATO, at a time when their reduction was the prime need. See Robert S. McNamara, "The Military Role of Nuclear Weapons: Perceptions and Misperceptions," *Foreign Affairs*, Fall 1983, pp. 68–72. By the fall of 1983 the need to reduce the number of battlefield weapons was widely recognized, and NATO's Nuclear Planning Group agreed on a reduction of 1,400 of these—still well below the more substantial reductions urged by McNamara and others.

To Washington, Nitze's plan was a hot potato. In the end, the President—with a new Secretary of State unfamiliar with arms control matters—was swayed by the advice of hard-line civilians in the Pentagon that to drop the Pershing IIs was unsound in terms of strategic and NATO doctrine; the opponents may also have been moved by lack of sympathy for the already tottering Social Democratic government in Germany of Chancellor Helmut Schmidt. Throughout the internal debate there was no consultation whatever with the Germans or the other NATO countries involved, and the final decision—disclosed to the Soviets in early October—was to refuse to endorse the Nitze plan. Almost simultaneously, and probably reflecting their own independent decision, the Soviets turned it down and returned to their insistence on the British-French ploy.

In the hindsight even of early 1983, this was a watershed U.S. decision. We are not likely ever to know whether the Soviets might have accepted the Nitze plan if the Reagan Administration had endorsed and publicized it well before October and put them on the spot—and the teasing mystery remains why Kvitsinsky went as far as he did. Even if the Soviets had rejected the plan, it could have stood as a tenable and reasonable U.S. position right up to the time of actual deployment, and this would surely have taken much of the heat out of the peace movement, and especially given Schmidt (who strongly approved the Nitze plan when he learned of it only after leaving office) real ammunition to deal with the growing defection of his SPD from the project. The counter-argument that was presumably made—that to take a negotiating position that dropped Pershings would make it even harder to deploy them if the Soviets did not agree—does not seem persuasive to this observer; in effect the decision accepted the political cost of a significant fraying of the all-parties consensus in the Federal Republic that had prevailed for more than 20 years, for reasons that were a mixture of strategic theology and dislike of Schmidt.

This was water over the dam by late 1982, and with the death of

Brezhnev the Soviet line seemed even more clearly aimed, not at agreement but at achieving maximum disruption in Europe, especially in Germany, hoping at best to head off the deployment completely and at worst to set up serious and lasting divisions among the Allies. The Reagan Administration had a delicate hand to play, first in relation to the German elections of March and then throughout the year, and the problem preoccupied senior officials in Washington and Moscow, in the latter case perhaps to the point of making Soviet policy in other troubled areas more conservative than it might otherwise have been.

In the event, the Administration's handling of the issue during 1983 was at least considered and competent. It decided not to modify the U.S. position before the German elections, lest a change inject a new debate on detail in a situation where the Christian Democratic Chancellor, Helmut Kohl, appeared likely to win in any case on predominantly economic issues. The Soviets overplayed their hand by demonstrative threats, and Kohl's solid victory was clearly a setback to them and in that sense a plus for U.S. policy. The subsequent reelection of Margaret Thatcher in Britain, and the accession in Italy of a Socialist Premier, Bettino Craxi, who was firm on this and other NATO issues, also helped, as did the strong supporting statement that was worked out at the May Williamsburg Summit (and joined by Prime Minister Nakasone of Japan, in an important "first").

Vice President Bush made two useful trips to Europe to present the arguments for the deployment and to try to counter the peace movement, and President Reagan put forward more flexible positions in late March and again in late September. In the end the predicted "hot autumn" in the Federal Republic produced large demonstrations but no serious incidents that might have deflected the Kohl government from final approval of the deployment, which was given by the Bundestag in late November. In response, as already noted, the Soviets broke off the Geneva INF negotiations and suspended the other arms control talks.

On its face this was a significant victory for NATO cohesion and for the Reagan Administration. And for the time being the Soviets had put themselves in a weaker position by their withdrawal from the negotiations. But the defection of the German Social Democrats on this issue (though not on support for NATO generally) does represent, in Christoph Bertram's words, the breaking of "an important strand in the transatlantic rope" that binds West Germany to the Alliance,[21] and the controversy could still be renewed as the deployment proceeds over the next three years. And from a longer-term viewpoint, the whole confrontation has been in any event an enormous distraction for NATO from its major need to get on with strengthening its conventional forces, and has muddied the strategic arms control situation (difficult as it would have been in any case), contributing to a loss of precious time on that key front.

So long as the missile deployment issue was unresolved, it was probably unrealistic to expect any real thaw in Soviet-American relations generally. The atmosphere was clearly worsened by President Reagan's evangelical speech of March and his ensuing "Star Wars" speech, but by August there was hope in the White House and State Department that minor issues could be handled and even that the stage might be set for a Soviet-American summit in 1984. A major event at this period was the signing in late August of a new five-year U.S.-Soviet grain deal, in which large amounts were promised with a guarantee against interruption for political reasons; it was a deal that responded to heavy domestic political pressures from the U.S. farm belt rather than being a considered move toward the Soviet Union. But its immediate impact was constructive.

The Korean airliner incident ended these hopes, and by the end of the year communications appeared almost totally frozen. Even before the illness that removed him from the public eye from August right to the end of the year, Andropov had not put any clear mark on Soviet policy, and even on small issues the signals from Moscow were often confused; the emergence of Marshal Nikolai Ogarkov as the Soviet spokesman in the Korean airliner incident, as well as the best reconstruction that one could make of that incident, suggested a degree of military autonomy and policy influence that could be disturbing.

Soviet diplomacy was by no means inactive—at the United Nations a strong vote of condemnation for the shooting down of the Korean airliner, and another overwhelming vote against the Soviet occupation of Afghanistan, were at least partially offset by the General Assembly's sharply critical vote on the U.S. occupation of Grenada. Soviet diplomatic efforts at the United Nations have become much more sophisticated in recent years, in contrast to the ideological posture of the Reagan Administration in that forum.[22] And the Soviets were clearly not neglecting such long-term opportunities as the cultivation of groups hostile to South Africa.

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[21] See Bertram, "Europe and America in 1983," at p. 627 of this issue.

[22] *The New York Times*, December 29, 1983, pp. A1, 7. Compare Seymour Maxwell Finger, "The Reagan-Kirkpatrick Policies at the United Nations," *Foreign Affairs*, Winter 1983/84, pp. 436–457.

But on the fronts that were most acute during the year—the Middle East and Central America—Soviet tactical policy was generally restrained, although Soviet backing was basic to the disruptive forces on both fronts. To these we now turn.

V

The Middle East was as usual the most threatening area in global terms. While immediate U.S. concerns at the end of 1983 centered on the deeply troubled situation in Lebanon after the unhappy 1982 war, experienced observers—especially abroad—saw the stalemated war between Iran and Iraq as almost equally ominous, with the possibility that a beleaguered Iraq might at any time lash out, bringing on Iranian retaliation in the Gulf. On both fronts there was evidence of resurgent Islamic fundamentalism, stimulated by Iran but not confined to that presently theocratic country under America's nemesis, the Ayatollah Ruhollah Khomeini.[23]

But the immediate obstacle to U.S.policy was the Syria of Hafez Assad. Humiliated by Israel's destruction, early in the 1982 war, of its Soviet-supplied air-defense system and much of its air force, Syria had seemed at the end of 1982 to be chastened and prepared to accept a parallel withdrawal, alongside Israel, from Lebanon. And in late 1982 the Soviet Union seemed to many to have been almost removed from the play.[24] Both judgments were wrong. In January 1983 it was announced that the Soviets had undertaken in December to resupply Syria with more sophisticated air-defense capabilities, which in time extended to accurate ground-to-ground missiles with a range of roughly 100 miles. The Soviets sent a major contingent of 7,000 military personnel to Syria to operate the new systems initially and to train the Syrians in their use.

Thus reinforced, Syria became at first the major spoiler of U.S. diplomatic efforts and then, from September onward, assertive in seeking to establish its own control of the political structure in Lebanon. To this end, it took the lead in stirring up Moslem groups in Lebanon against the government of Amin Gemayel and also provided bases and support for extremist Shi'ite elements, some coming from Iran (which Syria had consistently supported against its Arab rival, Iraq). The result was, successively, a failure of U.S.

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[23] I have long been suspicious of neat historical generalizations, but one remark heard during the year has stuck in my mind. A German expert on the Middle East quoted the words of a senior PLO leader as follows: "The 1960s were the decade of Arab nationalism under Nasser, the 1970s were our decade [the PLO's], but the 1980s will be the decade of Islamic fundamentalism."

[24] See, for example, Joseph J. Sisco, "Middle East: Progress or Lost Opportunity?" *Foreign Affairs*, America and the World 1982, pp. 639–40; Karen Dawisha, "The U.S.S.R. in the Middle East: Superpower in Eclipse?" *Foreign Affairs*, Winter 1982/83, pp. 438–452.

diplomatic efforts and, by the end of the year, a witch's brew in Lebanon that included the disaster to the U.S. Marine contingent, and by early December sharp military exchanges between Syrian and U.S. forces, involving the U.S. naval force stationed just offshore.

At the beginning of the year, the Reagan Administration was attempting two major parallel efforts: to achieve withdrawal agreements between Lebanon, on the one hand, and Israel and Syria on the other, through active U.S. mediation; and to bring King Hussein of Jordan and Palestinian representatives into a new phase of negotiations on the future of the West Bank. Although Israel remained negative on the Reagan Plan of September 1982, and moved steadily to expand its West Bank settlements and toward the Likud government's declared objective of permanent control of that area, the initiation of a new negotiation could at least get things started and put Israel on the spot. But the hope of bringing Hussein around was directly linked to getting Israel (and therefore necessarily Syria) to withdraw from Lebanon, which Hussein and other moderate Arabs regarded as a crucial test of U.S. credibility. And it was already clear by the end of 1982 that Israel not only had major demands as the conditions for its withdrawal but that it saw the link and was prepared to slow down the withdrawal negotiations so that the Palestinian peace process would not get off the ground.

In the event, with Hussein always unwilling to move without the approval of the PLO, it was the politics of that troubled organization that decided the question of a new peace process.[25] Although Yassir Arafat seemed prepared to give his blessing, from January onward he was vigorously opposed within the top echelons of the PLO by rejectionist elements egged on by Syria. And in April Arafat's opponents voted him down—from their base in Damascus—and what had been close to a deal between Hussein and Arafat foundered. During the summer, Syria pressed its support of the rebels against Arafat, and its backing was decisive in a sharp and painful armed conflict in Tripoli that in November evicted Arafat for the second time from Lebanon. Although he remained the titular head of the PLO, whether he or any successor in an official Palestinian organization could play any part was not clear.[26]

And, shortly after the Hussein debacle, the Reagan Administration was confounded on the withdrawal issue. In the tripartite negotiations with Lebanon and Israel, the latter had insisted on special privileges and a degree of ties between Israel and Lebanon that were clearly at odds with Syrian views, and when an arduous shuttle by Secretary Shultz finally produced agreement in early May—providing for Israeli withdrawal contingent on Syria's doing likewise—Assad's rejection was categorical. For the time being at least any hope of a negotiated mutual withdrawal was dead, and Israel turned to ensuring its bedrock objective, neutralizing southern Lebanon to remove any military threat to northern Israel.

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[25] Eric Rouleau, "The Future of the PLO," *Foreign Affairs*, Fall 1983, pp. 138–156, especially pp. 150–151.

[26] After Arafat left Tripoli in December 1983, he paid an important visit to President Hosni Mubarak in Egypt. Washington applauded the meeting, clearly on the basis that it suggested Arafat moving closer to Egyptian views; but it was roundly denounced in Israel, which continued to demonize Arafat and to regard him as a terrorist pure and simple.

By summer, moreover, Israel was increasingly disturbed by the casualties its forces were taking in sporadic conflicts with antigovernment elements in the Shouf mountains. Menachem Begin, by then a distraught and beaten man, was about to resign as prime minister, and in his last weeks Israel decided—over strong U.S. objections—to pull its forces out of the Shouf mountains.

Syria immediately moved to take advantage of the weakened situation. Conflict erupted in the Shouf area and one of the immediate consequences was to engage and threaten the reinforced U.S. contingent of about 2,000 Marines that had come to form part of a four-nation peacekeeping force alongside French, Italian and British troops. That Marine contingent, originally introduced for the limited purpose of assuring the withdrawal of the PLO from Beirut at the end of the 1982 war, had been withdrawn briefly and then reinserted in the wake of the massacres in the Palestinian refugee camps in September 1982. For almost a year its position seemed tenable and the presence of the four-nation force was some help to Amin Gemayel in his efforts to strengthen and broaden the base of his government in Lebanon.[27]

But in September the situation changed drastically. In intense negotiations with Syria and Saudi Arabia, Robert McFarlane (who had succeeded Philip Habib as U.S. negotiator in July) was able to obtain a cease-fire but only on condition that there be formal internal negotiations to establish a new government balance and structure in Lebanon.

Then came the devastating October truck-bombings of the U.S. Marine headquarters and the French headquarters, followed shortly after by a similar attack on Israel at Tyre. While there was no hard proof, it was widely judged that the perpetrators were extremist Shi'ites, probably coming from Iran but surely supported and based in Syria or Syrian-controlled territory in Lebanon. The French and Israelis retaliated by attacks on the base areas of these terrorists, but the United States did not follow suit. Instead it chose to intensify air reconnaissance of Syrian-controlled areas in Lebanon; the now-emboldened Syrians responded by firing on these reconnaissance missions and the United States then bombed Syrian air-defense positions with Navy aircraft. It was a debatable choice of weapons—given the availability of the battleship *New Jersey*—and two of the aircraft were lost, with one pilot killed and his navigator taken prisoner. The incident was a sharp setback to U.S. military prestige—especially after the virtually unscathed success of similar Israeli attacks on a much bigger scale in June 1982—and it also stimulated strong criticism in many Arab quarters, including moderates, and raised the specter of the United States confronting a concerted Muslim opposition. Determined not to be neutralized, the Administration renewed the reconnaissance flights and when they were again fired on, turned this time to the *New Jersey* for retaliation. It was an edgy situation: though neither Damascus nor Washington sought a wider conflict, and the exchanges were not renewed during December, there remained a danger of incidents escalating with unpredictable consequences.

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[27] See David B. Ottoway, "Marines, in Quest of Beirut 'Presence,' Became a Target Instead," *The Washington Post*, December 8, 1983, p. A21, for an excellent summary of the evolution of the mission of the Marines and their experiences during 1983.

Whether the Marine contingent should remain was the principal immediate issue for the President and Congress. In a series of statements in November and December, Mr. Reagan—who by that time had received Amin Gemayel in Washington—stood firm that the Marines must stay until there was political stability in Lebanon, but he also conceded the possibility that the situation there could become so chaotic that they would serve no further purpose.[28] Congress in September, as already noted, had authorized an 18-month time limit for the Marines, and in the tense period of December it was in recess. But by the end of the year influential members from both parties were strongly questioning whether the Marines should stay—and their immediate withdrawal was urged on December 31 by the leading Democratic presidential candidate, former Vice President Walter Mondale.

In November, the Administration moved to get some leverage against Syria by closing ranks with Israel. In an intense and ostensibly friendly visit in Washington by the new prime minister, Yitzhak Shamir, there was a broad but apparently vague agreement for "strategic cooperation," and the Administration moved rapidly to ease Israel's desperate financial situation, primarily by transferring to grant status a very large volume of past (and future) military aid that had been in a loan status. The agreement led to serious negative reactions even in moderate Arab nations, and the Administration was forced to use its new Middle East negotiator, former Defense Secretary Donald Rumsfeld, to do what he could to ease these concerns.

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[28] *The New York Times*, December 15, 1983, p. A1. It was these statements that particularly disturbed Amin Gemayel, as noted in footnote 3.

But it was not clear what Israel could do to prevent de facto Syrian control of a new internal structure in Lebanon, although Israel did take vigorous military action against the Shi'ite base areas, seeking to deter what was already intensified Shi'ite guerrilla activity against the Israeli position in southern Lebanon. The scars of past U.S.-Israel dealings remained, including a new revelation that in the early June stages of the 1982 war the United States had dissuaded the Israelis from engaging Syrian ground forces and driving them from the Damascus-Beirut highway.[29] And even if the often-stormy relationship had been smoothed out for the time being—a decision taken on policy grounds at the urging of Secretary Shultz himself, but with obvious domestic political benefits in an upcoming election year—the basic question was whether either the United States or Israel had any effective cards to play on the key issue of who would control Lebanon. The early withdrawal of the Marines would remove a hole card,[30] and Syria seemed likely to get its way one way or another, although the Administration clung to the hope that the formal internal negotiations among the Lebanese parties, being conducted in Geneva, would somehow produce a new framework that would be acceptable to Syria but not dominated by it.

It seemed a tenuous hope, and the prospect of Syrian domination in Lebanon also suggested an increased chance of outright conflict between Israel and a rearmed Syria. If the Administration attempted to ease this danger by seeking to promote wider negotiations with Syria, it seemed certain that at some point Assad would demand the return of the Golan Heights, which the Begin government had formally annexed to Israel in December 1981 and which his successors would be highly reluctant to give up.

All told, the situation was bleak at the end of 1983. In hindsight, there were those (in Europe especially) who thought that the Administration had mishandled the withdrawal negotiations by failing to have parallel negotiations with Syria. But this would have been an extraordinarily difficult hand to play on all counts, and to this observer it seems that the outcome would not have been different. Likewise, while some argued that getting a new Palestinian peace process should not have been linked to withdrawal from Lebanon, the reasons for this linkage were hard to escape, including particularly King Hussein's insistence on it. In short, the diplomatic failures of the first half of the year were tragedies that probably could not have been avoided, especially given the resurgence of Syria.

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[29] Flora Lewis, "Think, and Dial Moscow," *The New York Times*, December 6, 1983, p. A31.

[30] An ABC/*Washington Post* poll on November 7 found 68% of Americans believed Syria, backed by the Soviet Union, would take over Lebanon if U.S. Marines were withdrawn; 25% disagreed. *Loc. cit.* footnote 11.

The Israeli withdrawal from the Shouf, which precipitated events from September on, reflected a new factor in the situation—that an Israel deeply disillusioned by the outcome of the 1982 war and the casualties from it, and under heavy economic strains, was simply a lot less powerful, or at least less willing to use its power (which may come to the same thing), than it had seemed up to 1982.[31] Yet if the United States moved to link itself even more closely to Israel, this would surely enlarge the risk of antagonizing virtually all the neighboring Arab countries, including moderates always conscious of the internal threat to their power from radical Muslim elements including extremist Palestinians. Thus the Lebanon situation alone was perhaps the most visibly dangerous and volatile in the area since 1967, or even since 1947, and U.S. policy options were limited and potentially painful.

Meanwhile, the Soviets continued their harsh oppression and occupation of Afghanistan, including the steady buildup of a base complex there. Negotiations went on throughout the year aiming at a gradual Soviet evacuation, but the Soviets appeared to be insisting on retaining a regime they could dominate totally. Pakistan remained under pressure, but its political stability held up and it was starting to receive the military benefits of the substantial U.S. aid program initiated in 1981. But there was little sign of India and Pakistan drawing closer together in response to the new Soviet presence.

Even more serious, the war between Iran and Iraq threatened at any time to enter a new phase—in the fall, France had acted on its own (and against U.S. advice) in supplying Iraq with a number of Super Etendard aircraft, which with Exocet missiles could attack Iran in new ways, possibly stimulating the drastic retaliation Iran frequently promised. Washington was acutely aware of this danger and at the end of the year moved away from its steadfastly neutral policy toward the conflict, avowedly tilting toward Iraq at least to the extent of seeking to assist the marketing of Iraqi oil to ease the extreme financial strains of the war.

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[31] For a good short summary of Israel's situation at the end of the year, see "Troubles never come singly," *The Economist*, January 7–13, 1984, p. 29.

Again, however, the U.S. capacity to influence events was limited. If Iranian retaliation should threaten the oil supply routes or producing areas, this could bring on a new oil crisis at least for Europe. And if the pot boiled over in the Gulf, this would hardly reduce the temperature in Lebanon and would surely put Gulf nations friendly to the United States under severe strain.

VI

Simultaneous crises on two fronts would be a nightmare for any government. They are particularly difficult under the American system (witness, for example, the 1967 Middle East war at a crucial point in the Vietnam conflict) and even more so in an Administration that has never found a solid managerial style and that has to deal with a Congress in which one House is controlled by the opposition party and there is no semblance of the bipartisan consensus that prevailed for a time under such presidents as Truman, Eisenhower and Kennedy. Yet this was the picture that loomed large by the end of 1983, with a deteriorating situation in Central America that had already triggered a major policy shift and seemed likely to become worse.

By the spring of 1983 it was clear that bringing the guerrillas under control in El Salvador was at best a long-term proposition, even though U.S. aid and political advice were being handled ably and with substantial resources. Thus it was perhaps inevitable that the Reagan Administration should return to the theme that had been sounded loudly by then-Secretary of State Alexander Haig in early 1981—but then dropped lest Central America affect congressional approval of the Administration's central program of tax cuts and military buildup—namely that it was time to get at the source and to hit at the external supporters of the Salvadoran guerrillas.

The emphasis this time was on Nicaragua, and by May there was plainly an intense debate within the Administration over whether it should go beyond its existing program of "covert" aid to anti-Sandinista guerrillas, to threaten Nicaragua more directly with the application of direct U.S. power. For the previous two years, policy on Central America had been largely in the hands of the State Department, and specifically Thomas Enders, a career officer with hard-line credentials from his service in Cambodia in the early 1970s, but at the same time a tough-minded political realist not previously immersed in Central American matters. He saw the stakes there as not warranting direct U.S. military intervention even to deal with a Nicaragua he recognized as under Marxist-Leninist control. Enders had tried without success to negotiate with the Sandinist junta, and he had few illusions about their objectives or good faith. But he saw no alternative to the basic policy that had been pursued.

It was a view vigorously contested by Judge Clark and Jeane Kirkpatrick, who had become an active participant in National Security Council debates on Latin American policy. President Reagan—reengaged more actively in Central American policy through his April speech—accepted their advice and on May 27 Enders was relieved and shortly replaced by Langhorne Motley, a political appointee with long Latin American business experience and a creditable record as Ambassador to Brazil. Apart from its bureaucratic implications, the change was a clear signal that a policy shift loomed.

In early July that shift took shape. Its principal features were the initiation of a sustained program of military maneuvers off the Central American coast, the deployment of substantial naval forces there, a much expanded training program for Salvadoran government forces in Honduras, and the sending of a significant American Army contingent of men to Honduras to engage in periodic joint maneuvers with Honduran forces. Alongside this new program the Administration moved almost frantically to establish the Kissinger Commission, with a mandate to report on long-term U.S. policy toward Central America—but plainly with the hope that the Commission would help to create a bipartisan consensus in support of the Administration's short-term policies. The idea of such a commission had come originally from two Senators, the Republican Charles Mathias and the Democratic Henry Jackson (who died shortly after it came into being), but the Commission's membership was not truly bipartisan and was noteworthy for the fact that with one exception its members had no depth of area experience.[32] Henry Kissinger remained a national figure, not previously enlisted (or even apparently frequently consulted) by the Administration, and while his own area experience was modest and mixed, his personal standing and capacities for judgment and articulation were counted on heavily.

The military program became public knowledge very rapidly, and in the confusion the Administration never really made its purposes clear. It appeared that the State Department had been largely left out, and the lack of effective coordination caused Secretary Shultz to complain personally to the President in early August (perhaps contributing to the subsequent departure from the White House of Judge Clark).

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[32] Thus there was no effort to include the many moderate Republicans and moderate-to-liberal Democrats who had participated in previous studies of the area, for example, in two recent commission studies chaired by Sol Linowitz. And the only member with long living experience in the area—Professor Carlos F. Diaz-Alejandro, a distinguished Yale economist with a strong Latin American suit—was apparently confused with a businessman brother of strong conservative credentials.

But the program, though sharply criticized in many quarters, did seem to have an impact on Nicaragua—which understandably saw it as foreshadowing the U.S. military action it has always seen as likely.[33] By September 1 Nicaragua seemed more responsive to the negotiating efforts of the regional four-nation Contadora group, which in that month formulated a 21-point statement of principles for a negotiated settlement. And a special U.S. negotiator, former Democratic Senator Richard Stone (a hard-liner by past reputation), made several trips around the area, indicating U.S. willingness to pursue negotiations but avoiding a central issue, whether the United States would tolerate a communist Nicaragua even under a regional settlement with undertakings and safeguards against interference in other nations. Moreover, it was unclear what the Administration might do under a negotiated settlement about the covert opposition groups operating against the Sandinistas from Honduras and Costa Rica, of which the largest one was heavily backed and supported by the CIA.

By the end of the year Nicaragua had softened to the point of offering vague proposals for internal reform, plainly not yet acceptable to Washington, but the Contadora group had not been able to go beyond its general principles. Though the key countries were deeply concerned about the threat from Nicaragua—with Cuba the principal backer of the Sandinistas and with ultimate Soviet support and supply—they too were not clear what could be negotiated that would give some promise of easing the situation even for a time.

Meanwhile, it was crucial to the Administration's new approach that the Salvadoran situation itself remain at least stalemated. But in the last months of the year—the usual season for expanded guerrilla activity—the Salvadoran government suffered a succession of reverses, culminating in the destruction of a major bridge to the eastern part of the country that was defended by a large government force. And simultaneously the activities of right-wing death squads in El Salvador went on unchecked, both feeding the appeal of the guerrillas and intensifying criticism and concern within the United States and elsewhere. On this issue, the Administration took a much more forceful line in the fall than it had ever done before (in late 1982 then-Ambassador Deane Hinton had even been rebuked for a strong speech criticizing the death squads). Defense Under Secretary Fred Iklé made pointed comments during a visit to El Salvador, Henry Kissinger did likewise, and the big guns were brought up in the form of a strong statement by Vice President Bush in November, who brought with him a specific list of government military personnel involved in death squad activity who should be exiled.

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[33] See Richard H. Ullman, "At War with Nicaragua," *Foreign Affairs*, Fall 1983, pp. 39–58, especially p. 40; Arturo J. Cruz, "Nicaragua's Imperiled Revolution," *Foreign Affairs*, Summer 1983, pp. 1031–1047.

But as of early January 1984 the weak Salvadoran government of President Magaña had not acted convincingly. Plainly the extremist right remained in a strong position both within the Salvadoran armed forces and in the Assembly, and its designated presidential candidate, the notorious Roberto d'Aubuisson, loomed as a threat to win the presidential elections scheduled for the spring of 1984.

Alongside getting the death squads under control, these elections had become the primary short-term target for U.S. policy in El Salvador. Former President José Napoleón Duarte was to head a coalition of his own Christian Democratic Party and other centrist groups, and the Administration staked its hopes heavily on his election. But even if this came about, the effects on the conduct of the war would probably take a considerable time to appear, and the momentum of the guerrillas appear difficult to reverse.

In this increasingly dark picture, the U.S. occupation of Grenada in October was a brighter note. It came about for unrelated reasons, although it undoubtedly was a blow to Cuba and added bite to the Administration's threatening posture toward Nicaragua. The occupation was clearly a crash decision, not based on long planning but on the extremist military coup of October 13 and the resulting threats of total communist control and to the 800 American medical students studying in Grenada. The Administration felt it had to act fast and it did—at the expense of serious friction with Prime Minister Margaret Thatcher of Britain, who was not fully consulted despite the Commonwealth status of Grenada. Although the legal basis for the Administration's action was shaky, depending heavily on an appeal by several neighboring mini-states in the Eastern Caribbean, its practical justification gained force when it became known that the imprisoned Governor of Grenada had likewise appealed for help, and when the popular reaction within Grenada was revealed as overwhelmingly favorable. Almost all of the original U.S. force of 6,000 was withdrawn by December, though there was as yet no Commonwealth force to take the place of the remaining 300 men.

Apart from its dramatic effect on President Reagan's standing with the American public, the Grenada occupation was only a blip on the larger screen of policy in Central America and the Caribbean. In a wider sense, it dramatized the inherently unstable status of such mini-states and their high vulnerability to determined subversion. While the exposure of Cuban activity in Grenada did not necessarily prove that it would have become the important military base portrayed by the Administration, what Cuba had done to establish effective control, with Soviet help and on Soviet lines, was clear and could be repeated. The Caribbean presents its own problems, both political and economic, and a coherent U.S. policy has yet to emerge, although the enactment during the year of the trade provisions of the Caribbean Basin Initiative of 1982 was at least a good first step.

As to long-term policy toward Central America, the Kissinger Commission's report in early January could not be assessed as this article went to press. Whatever its impact on support for the Administration's short-term policies, the report will surely be important especially for its longer view of the needs of the small and strained Central American countries and what the United States can do, with others, to assist them to stand on their own feet and remain independent.

VII

The crucially important U.S. relationship with Japan had on the whole a good year. Although a series of trade liberalization measures have still not opened the Japanese market to the extent Washington and American business circles (and other nations) seek and need, the trend was in the right direction and the Nakasone government's modest increase in its defense efforts was likewise welcome. If this were to be supplemented by a substantial increase in Japan's overseas economic effort, that effort could become an important offset to the continuing decline in U.S. foreign aid levels both multilateral and bilateral. And at the end of the year Japan's bid to become the recognized No. 2 nation in the World Bank and IMF was a sign that she might be moving toward an overall international policy commensurate with her economic stature.

After a bad patch, relations between the United States and China—equally important in the long term—improved significantly, although the Administration could still rock the boat by occasional loose statements of its support for Taiwan. Economic dealings were put on a steady and expanding course, and a limited military supply relationship stood open if the Chinese themselves really wanted it, which so far they had not.

Korea had a bad year. The mass killing by North Korean regular military officers, in Rangoon in November, of the core and best brains of the South Korean Cabinet, in a dramatic example of state-supported terrorism, served to unite Koreans for the time being behind President Chun Doo Hwan, as did the loss of the Korean airliner in September. Along with other East Asian nations, Korea remained a success story in economic terms, but its political stability was far from assured.

In the Philippines, the uncertain state of Ferdinand Marcos's health had already raised the issue of succession before the outrage of the assassination of the central opposition figure, Benigno Aquino, on August 21. The resulting outcry (based on almost universal belief that the deed had been done, if not by Marcos himself, at least by his close associates) threatened for a time to topple the regime, but Marcos stood firm and at the end of the year appeared still in control. But an already serious economic situation was brought to the crisis point by the drop in confidence, and the future seemed highly uncertain.

The Reagan Administration had received Marcos warmly in Washington in 1982, as part of its overall policy of seeking close relationships with authoritarian regimes important for security reasons, and of not criticizing them publicly. When he came under fire in the fall of 1983, the Administration reacted only by demanding an impartial investigation of the assassination and by quietly cancelling a planned trip by President Reagan to Manila. It was a posture sharply (and surely designedly) in contrast to the Carter Administration's handling of a beleaguered Somoza in Nicaragua in 1978–79, and posters attacking "the U.S.-Marcos regime" were prominent in many Manila demonstrations during the fall. But at the same time the United States was not seen to be taking any affirmative steps to prop up Marcos, and the fact that the opposition to him had no clear focus on any group or individual, with Aquino gone, made the problem somewhat easier. By the end of the year, the U.S. ambassador, Michael Armacost, was obviously acting on orders in urging steadily that the Assembly elections now set for May 1984 be genuinely free—in contrast to the rigged votes that had applied since Marcos imposed martial law in 1972.

With or without some debilitating decline in Marcos's health, the problem of a transition to a new regime, and the extent of the restoration of democracy, hung in the balance and might or might not be resolved during 1984. And in the meantime Congress would have to come to grips with whether or not to approve the new base agreement negotiated in May 1983, which would provide economic and military aid totaling $900 million over a three-year period. Subic Bay and Clark Field had not yet become grave issues in the Philippines, but the overall American presence in the Philippines is in any case so large that a turbulent political situation could confront Washington with tough choices.

From the outset, the Administration's policy toward South Africa stemmed from the same general attitudes as its policy toward authoritarian regimes that lack the abhorrent characteristic of apartheid. In 1983, Under Secretary of State Lawrence Eagleburger delivered a major speech in a moderate tone, urging the need for peaceful change (but conspicuously refusing to relax the U.S. refusal to deal in any way with the leading black opposition group, the African National Congress); and the November referendum among white voters on a new constitution to give Coloureds and Indians a new status (but not the black majority) was applauded by Washington as a forward move. Others saw it as at best a token and at worst a step away from granting blacks real participation in the political process. And the South African government was notably militant in its attacks on neighboring countries that gave aid to the ANC or to the black liberation movement for Namibia, SWAPO. U.S. criticism of these attacks was muted, and on the important problem of Namibia the Administration's continued insistence on the simultaneous departure of the Cubans from Angola had progressively alienated the other four members of the Contact Group that had once been the promising vehicle for a Namibia solution.[34]

Altogether, the Reagan Administration was doing little to head off South African policies that could hold the line for a time, but that might make an eventual explosion all the more violent—with the Soviets keeping up their support of the ANC and other opposition groups. The policy was profoundly repugnant to leading black groups and others within the United States, and opposition grew during the year and could reach serious proportions if violence should spread within South Africa or in the adjacent areas. But there seemed little chance that the Administration would be swayed from its chosen course.

A final word on the Administration's handling of its dealings with multilateral and world organizations. Here there has been from the outset an outspokenly negative attitude, reflected particularly in the U.S. Mission's behavior at the United Nations.[35] One can debate the merits of a confrontational posture in that forum—and the Administration had strong allies in its criticisms of the inefficiency and profligacy of the U.N. bureaucracy, despite the excellent efforts of the present Secretary General, Javier Pérez de Cuéllar of Peru. But the scars of the 1982 U.S. rejection of the Law of the Sea Treaty remain, and the U.S. position on the IDA replenishment by the World Bank, already noted, was surely seen by a large number of the developing nations as strongly negative.

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[34] These were Britain, Canada, France and West Germany.

At the end of the year, one particular issue came to a head. The United Nations Education, Social and Cultural Organization (UNESCO) had become both heavily politicized, with an ideological bias, and extraordinarily profligate. For these qualities it was sharply and rightly criticized, and by many nations besides the United States.[36] In December, the Reagan Administration concluded—notwithstanding the contrary advice of an appointed citizens' advisory council—that it should serve notice that it would withdraw from UNESCO by the end of 1984.[37]

The decision will be vindicated if it leads to marked improvement in UNESCO's behavior during the coming year—in which case the Administration could decide to stay. If there is not such an improvement, a rupture between UNESCO and the United States might have become inevitable at some point in any event. But final U.S. withdrawal would still break a significant tie, on an overall front where the United States may be losing unnecessary ground, not merely in debating terms on the always vague sounding board of "world opinion" but in more concrete terms of its relations with individual nations and with multilateral organizations to which it must turn frequently in any event.

VIII

In my title I have labeled the year "portentous." The mutter is audible—"*all* years are portentous," in a world where the chocks against conflict and its spread seem to be steadily eroding. But to this observer there was a smell to the events of the year, especially at its close, that in its mixture of favorable short-term news and deteriorating important situations recalled two previous years, 1964 and 1978. In the former, American confidence had stood at an all-time postwar high, but the Vietnam situation hung like a cloud—and of course burst in 1965. And at the end of 1978 President Carter had brought off the Camp David Accords and normalization with China, but the collapse of the Shah in Iran was imminent and was to prove in the next two years the root of new and grave problems, as well as of Carter's own undoing.

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[35] See Finger, *loc. cit.* footnote 21.

[36] See Flora Lewis, "Uncultured Politics," *The New York Times*, December 27, 1983, p. A23; "The UNESCO Racket," *The Economist*, January 7–13, 1984, pp. 14–15.

[37] *The New York Times*, December 24, 1983, pp. A1, 6. The United States Commision for UNESCO had voted 41–8 at its annual meeting on December 16 for the U.S. to stay in.

Something of the same judgment must apply to the situation at the end of 1983. As we have noted, the public mood was one of mixed approval and apprehension, and the latter feeling was perhaps predominant in informed quarters including some senior policymakers. 1984 seemed overwhelmingly likely to produce greater difficulties and perhaps traumatic decisions.

If one had to use a single word to describe the Administration's handling of the two key areas of crisis or impending crisis—the Middle East and Central America—my own choice would be "dogged." The Administration was at best muddling along, sticking to its broad objectives but faced with intractable developments to which it could often only react, sometimes unsuccessfully and never with more than limited success. The dilemmas remained real—"Whether . . . to suffer The slings and arrows of outrageous fortune, Or to take arms against a sea of troubles, And by opposing end them?" The latter choice was particularly tempting, at least to this Administration, in the case of Nicaragua, but in the Middle East what would surely be intended as a judicious use of force might likewise beckon and could even be compelled in some fashion.

On the opposite side of the coin, negotiations might offer hope in the Central American quagmire—although any "settlement" would surely leave the situation there highly uncertain; in the Middle East there was no such early hope, only that the situation in Lebanon might simmer down and the Gulf not erupt. In each case wise policy choices should give heavy emphasis to strong underlying trends in the Middle East and in Latin America as a whole. The resurgence of Islamic fundamentalism is a powerful force today. And there is deep and growing sentiment in Latin America that the continent must work out its own problems; unilateral U.S. action on any large scale could run the long-term risk of alienating much of Latin America, especially the rising younger generation of an area whose population will be double that of the United States by the year 2000.[38]

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[38] These points were eloquently made by the distinguished Mexican author/diplomat, Carlos Fuentes, in an address to the Harvard Alumni Association on June 9, 1983. Substantial portions of this speech appeared in *The Boston Globe* of June 10, and the full text was published in *The Harvard Gazette*, Commencement Issue, June 1983.

It is a paradox that Latin American sentiment against unilateral U.S. security action should have reached its present high pitch just at a time when major South American countries are heavily dependent on large-scale U.S. trade and financial help (along with that of others) to handle their debt crisis. Yet paradoxes are often political reality, and if the United States were seen to be stingy and insensitive in its response to the continuing debt crisis, the political consequences in Latin America (serious domestically in any case) could well include a strong push in the direction of alienation and confrontation toward the United States.

Such underlying long-term factors could be hard for any Administration (but perhaps especially this one) to grasp, or to articulate to an American public that still has what Dean Acheson once called a tendency to believe that foreign policy problems are like headaches, and that they can be dealt with, if not by the aspirin to which Acheson referred, at least by firm and determined U.S. action, unilateral if necessary. (In this sense Grenada was surely a unique case, and to the extent the emotions it engendered persisted, these would not be helpful.) And it must be noted that while this President and his Administration have produced an increasing volume of rhetoric on their willingness to negotiate—from arms control to the Middle East to Central America—the actual negotiating positions have been vague on Central America and until recently inequitable and unrealistic on strategic arms. This is not a President likely to accept negotiated deals that cannot be presented as wholly in U.S. favor, and yet just such give-and-take deals may be the only alternatives to wider action.

But there is another large danger, of a growing gap in perceptions of the world as between the Reagan Administration (and most Americans) and the members of the broad Western Alliance that remains the crucial foundation not only of U.S. policy but of world order. Over and over again, for at least 30 years, the United States has felt it had to take responsibility for action in difficult and ambiguous situations in parts of the world where other members of the Alliance were either unable or unwilling to act. But even when the United States went wrong on a large scale—as I believe it did in Vietnam—it has been possible to hold the Western Alliance together, and in the case of Vietnam the United States was never alienated from the nations of the region involved, East Asia.

More and more, the triple tasks—of preserving essential U.S. interests, holding the Alliance together, and retaining strong relationships and U.S. influence among regional nations affected by crises—are going to be arduous and demanding. What the United States sees as paramount needs will not necessarily be perceived in the same light by other nations, and the differences in perception are already visibly serious on many fronts. And, as Americans familiar with their own country's behavior prior to 1941 should recall, there is always a strong tendency in nations not in the front line to take a critical view of the responsible nation's handling of a given problem, even to the point of carping.

By far the most important difference of perception concerns the degree of threat from the Soviet Union, and on this point the Reagan Administration's broad view seems to this observer nearer to reality than the often excessively sanguine and parochial stated positions of other major nations. But the President's Manichaean expressions of that view, as well as some of the Administration's early policy initiatives since modified, have unnecessarily widened a gap that it is deeply in the U.S. interest to narrow.

Part of that narrowing must be a much more determined and effective effort at arms control than the Administration mounted in its first three years—just as soon as the opportunity again presents itself. Public sentiment in America and Europe may exaggerate the short-term dangers of the nuclear arms race, and both publics remain vague and sometimes shallow in their understanding of how major reductions in the nuclear arsenals of the superpowers can best be achieved in practice. But the longer-term concern is deeply right, and it will be tragic if the issue is not tackled much more vigorously by both superpowers in the near future.

The most acute and immediate problem remains the handling of the kind of regional crises exemplified by the Middle East and Central America. Here the trick for U.S. policy must be to understand and take full account of the local factors involved, not for a moment ignoring the basic Soviet factor now present in both situations, but acting judiciously to meet the local threat on a wide front and to enlist the maximum possible regional support and advice. It is a tall order. If the United States resorts to unilateral action that it cannot effectively explain to friendly and potentially friendly nations, there could be enormous damage not only to the prospects for world peace but to that effective influence on other nations that is in the last analysis the essence of U.S. power.

Choices that involve these factors heavily may not come about in 1984. But they do loom as distinct possibilities, if not then, at some point in the near future. And it is this thought, above all, that leads me to the conclusion that the overall situation today is as threatening and truly portentous as it has been at any time since World War II.

David Watt

AS A EUROPEAN SAW IT

Let us put our cards on the table. There are two basic views about President Ronald Reagan's foreign policy. One, the Administration's, appears to be accepted (if the opinion polls are to be believed) by the majority of Americans. It is that the United States, after years of weakness and humiliation, has once again faced the challenge of an aggressive, expansionist Soviet Union, revived the global economy, rescued the Western Alliance and generally reasserted true American leadership in the world. The other view is shared to a greater or lesser extent by much of the rest of mankind, with the possible exceptions of the Israelis, the South Africans, President Marcos of the Philippines and a few right-wing governments in Central and South America. It is that the Reagan Administration has vastly overreacted to the Soviet threat, thereby distorting the American (and hence the world) economy, quickening the arms race, warping its own judgment about events in the Third World, and further debasing the language of international intercourse with feverish rhetoric. A subsidiary charge, laid principally by the Europeans, Canadians and many Latin Americans, but frequently endorsed in the Arab world and the Far East, is that in a desperate desire to rediscover "leadership," the United States under Reagan has reverted to its worst unilateral habits, resenting and ignoring, when it deigns to notice, the independent views and interests of its friends and allies.

It is in my experience almost impossible to convey even to the most experienced Americans just how deeply rooted and widely spread the critical view has become. It is, however, worth recalling at the outset of a review of 1983 that a devastating but entirely reputable opinion poll taken in January of that year showed that no less than 70 percent of the British people lacked any confidence in the judgment of the American Administration.[1] This did not mean that they were neutralist or soft on communism or anything of the kind; on the contrary, their answers to another question proved that they were overwhelmingly in favor of NATO. It simply

[1] *Gallup Political Index.* No. 270, February 1983, p. 18.

David Watt was from 1978 to the end of 1983 the Director of The Royal Institute of International Affairs (Chatham House) in London.

showed that they did not trust President Reagan and gave him no credit for successful leadership. Similar polls have been taken in other European countries, but the appearance of these sentiments in Britain, the most solid and phlegmatic member of the Alliance, may legitimately be regarded as a measure of the chasm that lies between current American perceptions of the world and the world's perception of America.

II

Anxiously scanning the events of 1983 for some means of bridging this gap, one is mainly in search of facts that will either vindicate the Reagan view or will show how the Reagan view has been altered by experience in such a way that the critics are disarmed. It must be said at the outset, however, that one important, and often cited, piece of evidence falls into neither category and can largely be dismissed from the case, at any rate so far as 1983 is concerned. This is the question of the deployment of cruise and Pershing missiles in Europe, for which the United States was more criticized there than for any other single act of policy during the year.

Of course it is possible to argue that the whole idea of deployment was a strategic error from the outset; and even easier to point out, with hindsight, the folly of the famous "two-track" decision of 1979 which in effect gave the Russians a license to make the maximum trouble for the Western Alliance for four glorious years. But having made these initial errors (if errors they were) with the full acquiescence and indeed encouragement of the allies, it is hard to see how the American government could have acted, in substance, very differently from the way it did.

In 1983 this meant plodding on with the negotiations and refusing to be diverted, either by the clamor of the peace movements or by Soviet threats and last-minute proposals, from the agreed essentials: that U.S. missiles capable of reaching Soviet territory should be stationed on the continent of Europe unless the new Soviet missiles capable of being directed against Western Europe were eliminated. As Mr. Paul Nitze, the chief American negotiator, remarked after the final Soviet walk-out on November 23, it was this central requirement of the Western position that the Soviet Union was unwilling or unable to stomach, and none of the formal Soviet "concessions" and compromises ever really addressed it. The informal deal on which Nitze and his Soviet counterpart, Yuli Kvitsinsky, had apparently agreed in their "walk in the woods" in July 1982 (the news only leaked out in January 1983) was the sole exception, for it would indeed have sanctioned some American deployments, though not of Pershing missiles and at a reduced level. But the speed at which it was repudiated by the Soviet leadership and the fact that it was never repeated either formally or informally suggests that the faction within the Kremlin which had authorized it must have subsequently lost a decisive argument.

In these circumstances it is grossly unfair for European, and particularly German, commentators and politicians to blame the Administration equally with the Russians for the breakdown of the talks. It was the Europeans who demanded a response to the SS-20 missiles in the first place; it was NATO which insisted on the theater balance of forces; it was the French and British who insisted, and who have continued to insist throughout 1983, that their nuclear weapons are "strategic" and therefore inappropriate for inclusion in the intermediate-range nuclear forces package. Moreover, the Administration has behaved impeccably toward the allied governments during the negotiations, informing and consulting at all stages and making the maximum effort to adjust the process of deployment to the politics and sensibilities of the host countries.

Yet even here, where the Administration's record on substance can be most effectively defended, the prosecution's case is revived by questions of style and presentation, both of which seem to arise from the fundamental attitudes of the Reagan era. First, the 1980 election campaign prepared public opinion for the notion—unwelcome because it implied an endless arms race—that the United States was attempting to reestablish nuclear "superiority" over the Soviet Union or, to quote President Reagan's later formulation, "parity, with a margin to spare." Then there was the initial severity of the American negotiating stance. The "zero-option" proposal of late 1981 invited the Russians to swap their own weapons for purely notional Western ones and would have left the West a clear advantage in strike aircraft, together with the French and British missiles. And the "interim offer" of March 1983 was scarcely more inviting; Reagan's proposals at the United Nations on September 26 were the first to show any real appreciation of the opponent's political and military requirements. Meanwhile, the running argument about the American strategic armory and the accompanying alarmist obiter dicta of Defense Department officials trying to "sell" the MX missile to Congress resounded round the world throughout the spring and summer. Finally, the dismissal of Eugene Rostow—not exactly a noted "dove"—as Director of the Arms Control and Disarmament Agency in January 1983, and his replacement by Kenneth Adelman, completed a misleading but not implausible picture of an Administration which was not really interested in an arms control agreement with the Russians at all and was merely negotiating as a sop to the allies and to spin out time while rebuilding superiority.

Vice President George Bush's tour of European capitals in February was intended to dispel this impression but did little to stem the rising tide of the peace movement. When these waters did indeed begin to recede during the summer months—partly as realization of the obduracy and unreasonableness of the Soviet position sank in, partly in reaction to the softening of the American line, and partly in sheer boredom with the argument—much unnecessary harm had been done.

It can easily be argued, of course, that the arms control issue does not "count"—either for vice or for virtue. The defects of presentation can be brushed aside as a necessary concomitant of any negotiation with the Russians ("If you don't start tough, they won't take you seriously"); and, conversely, the American willingness to consult can be devalued by the observation that since deployment could not take place without the cooperation of the European governments, the United States had no choice but to respect the proprieties. Let us turn, therefore, to two critical issues of 1983—Central America and the Middle East—where no direct confrontation with the Soviet Union was involved and where the other actors had less power or fewer presumptive rights to be consulted.

III

Here we immediately encounter two major sources of puzzlement and confusion in 1983, one the abrupt reversions of American policy to an earlier line, the other the extraordinarily Janus-headed quality of the results. Both of these can be seen with great clarity in the case of Central America. The general impression is that Reagan came in with a blast of bellicosity toward the left in Central America (loudly enunciated by Secretary of State Alexander Haig), but had been converted by experience and public opinion to a more realistic position based on economic assistance (including the Caribbean Basin Initiative), support for the political center, and severely conditional military aid for El Salvador.

By the middle of 1983 all this had changed again. Mr. Thomas Enders was dismissed as Assistant Secretary of State, apparently on charges of excessive moderation; former Senator Richard Stone was put in over the head of the State Department as the President's special envoy; and a hawkish commission under former Secretary of State Henry Kissinger was appointed to give a bipartisan blessing to the Administration's new policies. These consisted of an increase in U. S. military aid to and involvement with the Salvadoran army, more encouragement for the right in Honduras, increased assistance for the right-wing guerrillas, or "contras," in Nicaragua and a massive show of naval force off the Nicaraguan coasts.

It is interesting to note that while external criticism, particularly from America's neighbors in the Contadora group (Mexico, Venezuela, Colombia and Panama), concentrated on the confusion and hamfistedness of her new "physical" approach and doubts about the seriousness of the alleged communist threat in the region, congressional reluctance (and, in the case of the contras, refusal for a time) to fund such military commitments was based principally, though not entirely, on fear of another Vietnam "entanglement." Much of American public opinion seemed only superficially concerned about the unsavory nature of the forces behind which the United States was now throwing its weight. Only a small liberal core appeared to have any serious doubts about the inherent right of the United States to maintain its paramountcy in the hemisphere if subversion and military force were necessary.

This last point was vividly illustrated by the affair of Grenada. President Reagan's motives for invading the island on October 25 were that a group of American medical students might be taken hostage and that the overthrow of Maurice Bishop, the eccentric left-wing prime minister—though initially deplored by Havana—might lead to a truly extremist communist regime that would quickly revive and tighten its links to Cuba. As it happened, neither of these motives was ever entirely vindicated in spite of much subsequent evidence-mongering, but even if we accept them as valid, the legal pretext for the invasion was transparently flimsy, if indeed it can be discovered at all. The treaty of the Organization of Eastern Caribbean States, on which the President originally claimed to rely, does not authorize intervention except in case of external attack, and in this case it is highly doubtful whether the other treaty members had any legitimate concern in the affair. The Governor General's alleged "call for help" was a pretty odd one if it was inaudible as such in London, and would have been of dubious constitutional validity in any event, since no Grenadan minister had authorized it.

These are lawyer's points, of course, and they are arguable, but they are worth mentioning because they caused so little heart-searching in the American media at the time. Domestic criticism of the President's action was focused mainly on the possibility that this was a dress rehearsal for the invasion of Nicaragua, for which the

Vietnam analogy provided sufficient condemnation; the mere ethics of marching into another country to assert American interests caused very few sleepless nights, granted that Grenada is on the American doorstep and that the invasion was successful.

The net result of all this activity has been to demonstrate three things to the watching world. First, it has shown that this Administration still has an instinctive taste for displays of force when the going gets rough. Second, it is clear that it is not too squeamish either about strict legality or about the views of anyone else. But third, it has been shown that there are other factors, notably the unwillingness of Congress to spend American lives, which enter into the equation.

What nobody can tell for certain is whether the United States would have taken more risky or overtly violent action in the area if opposition on Capitol Hill had been weaker (though it is another interesting commentary on the image which the present Administration projects that it is almost universally believed outside America that it would). On the one hand, aggressive gestures, including backing for the contras, can be justified as a means of bringing the Sandinistas to the conference table for the negotiation, in good faith, of a political solution. On the other hand, since the President has incautiously remarked in an interview that he does not think peace will come to the area while the present Nicaraguan government is in power, it is equally possible that he intends to overthrow it if he ever gets a chance.

IV

This rather strange story of inconsistency, assertiveness and inconclusive caution in America's backyard has been repeated in the Middle East. Once again, the world has seen some remarkable shifts in American policy in 1983. The Administration, having come into office with strong pro-Israeli views, moved in its first two years to a much more detached position exemplified by the Reagan Plan. The reasons for this change were partly the intransigence and extremism of the Begin government in Jerusalem, and partly the realization that stability in the Persian Gulf depended on good relations with the Arab states, particularly Saudi Arabia, and that this, in turn, entailed a plausibly impartial position on the Palestinian issue.

These constraints have persisted in 1983. Although the fall in the price of oil and the virtual collapse of OPEC have diminished the centrality of Saudi Arabia in American calculations, the fact that the Iran-Iraq war has dragged on and even increased in bitterness has revived fears that Iran might close the Strait of Hormuz and so, as it were, restored the importance of the area in another way. Other factors, however, have altered the picture. The Begin regime collapsed—basically because the invasion of Lebanon proved so unpopular. The Lebanese civil war deteriorated. Syria reemerged as an ambitious actor at the center of the Middle East stage. As a result of these changes, the United States became involved on the ground in Lebanon. And finally, we should not forget that we are rapidly approaching an American presidential election, when concern for the Jewish vote traditionally swings American policy back toward Israel.

In these circumstances, it was no great surprise to find the Administration looking around desperately for solutions. They dared not leave Lebanon's President Amin Gemayel entirely in the lurch for that, they feared, would give President Hafez al-Assad of Syria (and, it is assumed in Washington, his Soviet backers) a free hand. It followed that if the Marines were to be safely withdrawn before the American presidential election, instead of sitting in Beirut as invitations to military and political disaster, a Lebanese settlement must be achieved. It looked for a brief moment in the spring as if such a settlement was possible on the basis of a mutual withdrawal of the Israelis and Syrians. Unfortunately, everything that has happened since the May 17 Lebanese-Israeli withdrawal agreement was signed has proved that, even with the best will in the world (which is certainly not present in this case), the Byzantine complexity of the Lebanese internal situation would defy a solution in which Syria was not involved. This conclusion being unacceptable, it was tempting to try to bring indirect pressure on Assad by the only other lever to hand—that is, the threat of the Israeli army.

The strategic cooperation agreement between Washington and Jerusalem, announced in November, was in a sense the logical outcome of this dilemma, but it was nonetheless a political disaster. It has thrown the main pro-Western elements in the Arab world—the Saudis, King Hussein of Jordan, the Gulf sheikhs, and the Egyptians—into despair; it has given a useful tool to Soviet and radical Islamic propagandists; and because the Israeli "threat" is no longer entirely credible it is most unlikely to have the desired effect on the Syrians.

No better demonstration could possibly be devised of the maleficent irrelevance of American domestic politics and anti-communist ideology when imported into a difficult regional situation. And yet, as in the case of Central America, the saving clause can still precariously be written on the page. Perhaps these crass maneuvers are intended as the prelude to a political settlement to which President Assad will be a party, but on more reasonable terms; perhaps they are an attempt to achieve the impossible and exclude Syria from Lebanon forever.

V

These ambiguities are confusing enough, in all conscience, but they are, in the end, only aspects of the great central puzzle of the Reagan position—which remained as clouded in mystery at the end of 1983 as at the beginning. The question at issue, of course, is whether the present Administration really wishes to achieve a more equal balance with the Soviet Union—in other words, to stabilize the status quo—or whether it wants to aim for the ultimate destruction of the Soviet system. Sometimes, as in the President's famous "evil empire" address at Orlando, Florida, in March or Vice President Bush's speech in Vienna in September, it seems as if "rollback" is the implacable long-term objective.

Nor is this simply a matter of rhetoric. The latent idea that the Soviet system is tottering to its doom as a result of internal contradictions and that well-directed economic warfare will push it over the brink continued to surface in all sorts of intra-Alliance arguments over East-West trade. At other times it seemed as if the President was not only willing to encourage normal business with the Devil, as when he authorized a huge five-year contract for Soviet wheat purchases in August, but was even ready, in a naïve flourish of misguided optimism, to envisage the appalling prospect of U.S. development of a sure-fire anti-ballistic missile system in space, as a route to defusing the strategic nuclear threat on both sides.

The question can be put more generally. Let us suppose that the President was right in his 1980 proposition that the Soviet Union had opened up a dangerous gap between its own military capability and that of the West (which many outside the United States doubted then and continue to doubt today). Let us further suppose (which is considerably easier) that the President may now justifiably claim that this gap is about to be, if it is not already, closed. What happens next? Are we supposed to look forward to a period of peace through strength, of watchful East-West relaxation à la Kissinger (the word détente is obviously anathema)? Or will a series of shoves at the periphery of Soviet influence—in Angola, in Cuba, in Vietnam and in Afghanistan, for instance—combined with a great big economic shove in the middle finally be expected to achieve the results that eluded former Secretary of State John Foster Dulles in the 1950s?

Will Ronald Reagan be the popular peace candidate of 1984 or the Hammer of the Ungodly again?

At the end of 1983 the world was still guessing and perhaps Ronald Reagan himself did not know the answer. It was the possibility that he might choose the second course that constituted the only conceivable plank across the gap between the two interpretations of Reagan's policy with which this article began. Because the final verdict on his Administration's foreign record is in that sense still not in, those, like this writer, who regard a less confrontational approach as not only necessary but possible will be wise to suspend judgment for one more year, lest they are taken by surprise.

Meanwhile, however, the world is entitled to complain that whatever the ultimate aim may turn out to have been, the style and methods employed in 1983, to put it as tactfully as possible, left something to be desired.

First, *unilateralism*. This can take many forms. The simplest, naturally, is failure to consult those who may be affected by one's actions—a failing to which all American administrations are prone for reasons which normally have as much to do with the tortuous nature of the decision-making process in Washington as with deliberate bloodymindedness. Nevertheless, a certain "macho" element has been added in the case of the Reagan regime, which was well expressed by Vice President Bush when he was faced with a complaint on this score during his European trip in February: "I'm sorry. The United States is leader of the free world and under this Administration we are beginning once again to act like it."

This reply, needless to say, completely misses the point, which is that the "free world" is a concept based upon consent, and leadership of it, unlike leadership of the Warsaw Pact, entails carrying your followers with you or ultimately losing their cooperation. Nobody denies the sovereign right of the United States to decide and act upon its perception of American national interests; but where, as in the Middle East or Central America, it is looking for support from others or claiming to act on their behalf, a price has to be paid in the tedious coinage of discussion, persuasion and occasional frustration. This is a banal reflection to which, no doubt, most officials in Washington would give pious assent in principle, but the fact remains that, for example, the allies were given no advance warning of the American change of course in the Middle East in the fall of 1983, still less of important operational decisions such as the bombing of Syrian missile emplacements. The failure to give the British government any serious opportunity to discuss the invasion of Grenada was not perhaps so much of a crime, but it was still a clumsy error.

Unilateralism is not, however, simply a perversion of leadership. It is a general state of mind, a kind of insensitive nationalism that can appear in a wide variety of contexts, both deliberate and unconscious. It has manifested itself in the Administration's impatience with multilateral organizations which it cannot bend to its own purposes—in its attitude toward the United Nations and in its refusal in December to re-fund the International Development Association (the World Bank's soft loan operation) at an adequate level. Even the tenable decision in December to give a year's notice of U.S. withdrawal from the United Nations Educational, Social and Cultural Organization was inevitably colored in its impact by these attitudes and other actions.

Rather different, but still the expression of a determination to press a narrowly defined national interest, was the President's refusal at the Williamsburg economic summit to make the slightest modification of American economic policy to meet the concerns of his partners about the effects of U.S. interest rates on their own economies or the collective economy of the West. There have, of course, been perfectly good arguments, or at least rationalizations, for each of these actions—the U.N. agencies are not always well run, their politics are often tiresomely self-indulgent, the Europeans are always complaining about something and if it isn't unemployment it's inflation—and yet, taken together, they represent a capitulation to the baleful notion that international relations is a zero-sum game.

The second area in which criticism is not necessarily premature is that of *morality*. It has always been part of the American appeal and the basis of any serious American claim to a special mission that the United States is on the side of international law and natural justice. Never mind that in the course of American history this argumentation has frequently been self-serving and has even more frequently had to be brushed aside in favor of realpolitik: it has continued to inspire the Western Alliance and has justified for many Americans the idea that their country should assume the burdens of the postwar world.

The present Administration has been at great pains, and legitimately so, to see that this idealism flows along anti-Soviet channels, but it is in some danger of appearing to claim that the defeat of communism is of such moral value that it sanctions almost any lesser immoralities that may conduce to this end. Thus the flagrant breach of international convention (to put it no higher) involved in applying

American law in 1982 to those foreign subsidiaries which defied the gas pipeline embargo was justified by the virtue of denying the Soviet Union hard currency; the invasion of Grenada was justified by the need to prevent the Cubans gaining control of an important new airfield; the deliberate subversion of the Nicaraguan government was legitimized by the hope of preventing it from subverting El Salvador. Such casuistry is all very well if it does not have to be used too often; all states are forced to it from time to time. But it is dangerous if it begins to anesthetize its authors to the undesirability, in principle, of compromising their moral position. The fact that no one in Washington could apparently grasp the substantive force of Mrs. Thatcher's complaint, after the Grenadan incident, that Britain had gone to war with Argentina to prevent people invading small islands that were not theirs, suggests that this point may need some attention.

The third criticism that I want to discuss here concerns *rhetoric.* I have already mentioned some of the most hectic examples in 1983 of the Administration's hyperbole in condemning the Soviet Union and all its works (the President's Orlando speech being the most egregious instance), and there is little doubt that they have had a deplorable effect in Europe because they seem to confirm the image of ideology-crazed American fanaticism that the left likes to draw. All the same, it is a mistake to assume that these remarks served no useful purpose in the American context. On the contrary, as President Truman cynically observed in 1947, the only way you can get the American people to spend money on defense is to scare the pants off them. Moreover, in a volatile democracy there are occasions when harsh words are the substitute for far more dangerous action. For example, the President's original remarks about the shooting down of a Korean airliner in Soviet airspace in September were probably excessive and misplaced (the incident was evidently a military snafu and the real Soviet crime was in not apologizing for it). But he would otherwise have found it much more difficult to ride out the immediate surge of public indignation without having to impose all sorts of excessive sanctions.

Yet it is no use pretending that there are not severe drawbacks to the constant use of emotive language to describe another power with whom you are not at war and with whom you do not want to open hostilities. For one thing it may have an effect on your adversary that you do not intend. Soviet paranoia is jumpy and dangerous enough as it is without adding to it by verbal persecution. More serious, however, is the effect on your own side, some of whom may take you at your literal word. It is true that the Soviet

Union is an evil empire, but if you go around saying so at the top of your voice, someone is going to demand why, that being so, you are not prosecuting a Holy War against it; and if you reply that that would be too dangerous, you may rapidly find yourself threatened with replacement by somebody with more religious fervor and less concern for sublunary survival.

It may be, as I have said, that President Reagan ultimately does desire to go Crusading. But it seems more likely on the evidence of a confused and confusing year that he wants, like the rest of us, a lot of incompatibles—a peaceful world, an end to Soviet communism, a balanced budget, reelection as President of the United States in 1984. And of these, there is a strong chance he wants the first and last the most—not least, perhaps, because they are connected.

Sylvia Ostry

THE WORLD ECONOMY IN 1983: MARKING TIME

The performance of the world economy in 1983 is difficult to characterize. For the industrialized market economies—members of the Organization for Economic Cooperation and Development—it was the year of the long-awaited recovery after the second oil shock of 1979–80. World trade began to revive after two years of stagnation and decline. There was continuing good news about inflation in the OECD area. Business and especially consumer confidence improved. A major rupture in the world financial system was averted through effective, concerted crisis management led by the International Monetary Fund, whose role was further enhanced by an infusion of new resources. The heavily-indebted developing countries demonstrated considerable progress in external adjustment: indeed the largest Latin American debtors accomplished an amazing turnaround in trade performance.

It was also a year when the seemingly inexorable rise in unemployment continued in Europe. The state of global indebtedness was (as usual) hard to assess statistically, but by year-end the sharp slowdown in international bank lending looked ominous in the light of the estimated needs of the major debtor countries, already showing signs of the political and social strain of adjustment. It was a year of new and renewed protectionism. In 1983 (like 1981 and 1982) the debate about deficits in the United States raged on and was unresolved. Interest rates, which had stopped falling by the spring, were gingerly nudged up, and wobbled irresolutely thereafter.

The word "interdependence" reemerged with new emphasis in 1983 discourse. Prime Minister Robert Muldoon of New Zealand summed it up at the spring OECD ministerial meeting when he said

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that 1983 was the year that interdependence "leapt out of the textbooks and . . . arrived on ministers' desks everywhere." The word was used to mean several things, not always clearly distinguished by the user. It embraced the neutral, descriptive term of increasing economic linkage among countries, both within the OECD and non-OECD world, through trade and financial flows. It covered, as well, a somewhat different notion, i.e., the complex interrelationship among the major forces shaping the present and foreseeable world economic system: debt affecting trade and vice versa; exchange rates affecting trade and vice versa; exchange rates affecting debt and vice versa. These two different (though related) meanings of interdependence have different policy implications in both domestic and international dimensions. But, at bottom, interdependence conveyed a sense of amplified risk, both upside and downside. The opportunities for joint gains everywhere and in everything are enhanced by interdependence but vulnerability—everywhere and in everything—is also increased. In 1983 there was this sense of amplified risk and, even more, of amplified uncertainty.

How should one characterize this mixture of good news, bad news and no news? The atmosphere was one of *attentisme*: 1983 was a year of marking time.

It was a year of marking time in another sense: a year of anniversaries. October was the tenth anniversary of the Arab oil embargo and the first of the two OPEC shocks that dominated the deteriorating economic performance of the 1970s. The post-1980 decline in oil and energy prices (in part a consequence of OPEC-induced recessions, in part a consequence of OPEC-induced improved energy efficiency) was a significant factor in the onset of the recovery.

Other anniversaries were important too. August 1983 was the first anniversary of the great Wall Street bull market, which by year end, however, had failed to surpass the record of its only rival (since 1884, when Charles Henry Dow launched The Index), the Bull of 1932–33. In June, Paul Volcker was reappointed to a second term as Chairman of the Federal Reserve Board, and October marked the fourth anniversary of the arduous American quest for credibility in the war against inflation, which had been launched by the recently-appointed Governor Volcker in 1979 and entered a new and delicate phase in 1983. Having successfully weathered the danger of perverse market reaction to the easing and move to a more flexible and pragmatic stance in the fall of 1982, what might be described as an exercise in monetary fine-tuning was launched in the spring of 1983. So far, applause has drowned out the boos and catcalls. The North American recovery (initiated in good part by the 1982 easing of monetary policy with an assist from Wall Street) may have slowed but didn't abort.

Another auspicious anniversary—the centenary of the Metropolitan Opera Company—provoked a search for a musical analogue for the year. The dramatic events of 1982 were obviously Wagnerian, but the sounds of 1983—the lilting American recovery played against a dark rumbling overseas and to the south—remained musically elusive. And yet, the lyrics of a catchy little tune nagged this observer while reading the financial press and official pronouncements on the state of the world economy. They go like this:[1]

Whenever I feel afraid
I hold my head erect
And whistle a happy tune,
So no one will suspect
I'm afraid.

While shivering in my shoes
I strike a careless pose
And whistle a happy tune,
And no one ever knows
I'm afraid.

The result of this deception
Is very strange to tell
For when I fool the people I fear,
I fool myself as well. . . .

II

The most important development of 1983 was the OECD recovery. Since the end of 1980 forecasters had been predicting such an upturn.[2] Thus, its actual arrival was initially greeted by some with a certain skepticism or, at least, a sense of *déjà prévu.*

The major forces which led to the recovery were: the disinflationary process itself, stimulating consumer spending and a turnaround in inventories; the easing of monetary policy initiated in the United States and then matched by most other OECD countries (least in Japan); and the expansionary thrust of U.S. fiscal policy with its present and prospective budget deficits. The pace and nature of the upturn, however, differed markedly among the major "blocks" of the OECD—North America, Europe and Japan—and were also affected by developments in the non-OECD world and by "systemic" factors such as the international financial and trading systems.

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[1] "I Whistle A Happy Tune," from Rodgers and Hammerstein's *The King and I.*

[2] This is not as bad as it sounds! An examination of forecasting errors for the period 1979 to 1982 suggests that they were far smaller than was the case after the first oil shock of 1973–74 (OPEC I). At that time forecasters made the largest errors in postwar forecasting experience. By the time OPEC II occurred there was a much better understanding of the nature of such a massive exogenous shock. What was not clearly understood (not surprisingly) was the effect of a prolonged period of monetary tightness when pursued simultaneously by the major OECD countries under the circumstances which existed at the onset of the 1980s (the condition, for example, of many of the non-oil LDCs with respect to balance of payments and indebtedness). Both forecasting episodes are, perhaps, examples of a more general phenomenon: "statistical models are likely to become more unreliable when extrapolated to make predictions for conditions far outside the range experienced in the sample." (C.A. Sims, "Policy Analysis with Econometric Models," *Brookings Papers on Economic Activity,* No. 1, Washington: Brookings Institution, 1982, p. 122.) The implications of this problem go well beyond technicalities of forecasting; indeed, the extreme uncertainties of prediction underlie much of the current policy debate.

Thus it was estimated at the end of the year[3] that the aggregate of the gross national products of the OECD countries had grown in 1983 by just over two percent. For the United States and Canada, however, the rate appeared to have been between 3 and 3.5 percent, in contrast to an average for Europe of one percent.[4] Japan, the only major OECD economy where activity has been maintained since the second oil shock, appeared to have continued growing at over three percent, above the OECD average but well below Japan's own historical standards.

This divergence was amplified when one considered the unemployment picture. In North America the growth pick-up has led to some cyclical re-absorption of labor: unemployment rates, while still high by postwar standards, have been reduced—in the United States from an end-1982 peak of nearly 11 percent to 8.2 percent, with a similar trend in Canada where rates, however, remain higher. In sharp contrast, European unemployment rates have continued their steady rise and by the end of the year appeared to have climbed another full point (two million persons) above the 1982 level, reaching approximately 18.5 million or nearly 11 percent of the labor force—more than triple the rate in 1973. Of this total, in many European countries between one-third and one-half are long-term, hard-core unemployed, who have been without work for a year or longer (the comparable figures for North America are between five and eight percent).[5] After no employment growth in

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[3] Although the reader may assume that by early 1984 an economist "knows" what 1983 looked like in terms of major economic indicators—growth, inflation, unemployment, trade, etc.—such, alas, is not the case because of the long and varying lag in the production of economic data. Further, it is often the case that the most difficult period to forecast is the recent past. The projections used here are from the OECD *Outlook*, Dec. 1983 (No. 34), Paris: OECD, 1983. They are based on the usual technical assumptions of unchanged policy, exchange rates and oil prices.

[4] The estimated rates of the European "big four" were: Germany, 1.2 percent; France, 0.2 percent; Britain, 2.5 percent; Italy, minus 1.4 percent; smaller European countries average, 1.4 percent. A modest acceleration to an overall 1.5 percent growth rate is forecast for 1984. Only in the United Kingdom, where the recession began earlier and has been deeper than in Continental Europe, is the growth rate likely to be sufficient to stem the rise in unemployment and restore output to its pre-recession (1979) level.

[5] For further detail, see OECD, *Employment Outlook*, Paris: OECD, September 1983.

1980 and a cumulative decline of 2.25 percent in 1981 and 1982, European employment is continuing to fall, though at a moderating pace.[6] Finally, while Japanese unemployment edged upward (from 2.4 percent to 2.7 percent between 1982 and 1983), it is strikingly low by international standards and would remain so even if adjusted for the uniquely Japanese practice of labor hoarding in large enterprises.

The pattern of divergence did not apply on the inflation front; there the deceleration, unexpectedly rapid in 1982 and into mid-1983, appeared to have moderated somewhat for the rest of the year throughout the OECD. The pace of disinflation slowed because of some pickup in commodity prices (excluding oil, which fell during 1983 about 15 percent in dollar terms from its 1982 level) and some rebuilding of profit margins—and because the dramatic descent, from the 14-percent peak in the first half of 1980 to an overall rate of 3.5 percent in the first quarter of 1983, left little room for future big gains.[7]

Moderate wages and cyclical (and, especially in the United States, secular) gains in productivity are now the essential sources for further disinflationary momentum, as well as for successful consolidation of progress that has already been made. While the decline in inflation during the recession was common to all OECD countries, rates still vary substantially—from the lows of Japan (1.5 percent), Germany (three percent) and Switzerland (3.3 percent) to nearly 15 percent in Italy and the robust double digits of the high-inflation Mediterranean countries. A modest acceleration in the United States in the last months of 1983 still left the annual rate below four percent, well under the 5.8 percent of 1982.

It seems, then, that the elusive recovery is on its way, reasonably so in North America and Japan, barely so in Europe. The big bang in disinflation is over but the gains appear, by and large, successfully consolidated.

Why the pattern of divergence? The recession, after all, had a common "cause"—the second oil shock and the synchronized policy response undertaken by the major OECD countries to prevent the external price pulse from embedding itself into the already high underlying rate of inflation. On its own terms—fighting inflation first—that policy was unexpectedly successful. Inflation peaked earlier, and at a lower rate, than after the first oil shock and decelerated far more rapidly than expected. However, output also fell more than expected: in effect, nominal GNP (gross national product, the combination of prices and output) was weaker than expected or intended. Further, the transition to renewed growth, for which lower inflation and the avoidance of another severe profit squeeze (as in the mid-decade shock) were considered essential prerequisites, proved longer than had been hoped for when the "inflation first" policy was launched.

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[6] The stagnation of employment in Europe is not a problem which arose in this recession. Over the decade of the 1970s, while employment grew by nearly one-third in the United States and even more than that in Canada, European growth was barely three percent (much of it in the public sector). Another way of underlining the contrast is to note that for every ten new entrants to the rapidly growing U.S. labor force, there were nine new jobs: for every ten new entrants to the slower-growing European labor force only about three new jobs became available. In the 1980s, the number of new entrants to the European labor force is growing more rapidly than in the 1970s (for demographic reasons), which makes the job problem worse.

[7] Perhaps as much as 40 percent of this deceleration was due to the direct and indirect effects of plummetting non-oil commodity prices and, therefore, desirably transitory—considering the implications for the producers, especially in the developing countries. For some individual OECD countries—notably the United States and the United Kingdom—a significant portion of the decline in inflation was also due to exchange rate appreciation, again, in part, transitory.

Be that as it may, the lower inflation itself was considered by some as both necessary and possibly sufficient to produce renewed growth.[8] Indeed, consumer response to lower inflation has been an important factor in the European upturn. But divergent recovery patterns are not simply the result of differing inflation rates: a number of European countries have achieved lower inflation rates than has the United States. More important, no doubt, are the greater structural rigidities in European markets, especially in contributing to the far larger structural component of European (than North American) unemployment. While these structural phenomena surely affect European growth potential or longer-term growth trends, it is harder to assess their role in a short-term recovery from a growth performance which has been, throughout the OECD, well below "potential." It is therefore necessary to probe a little deeper into the forces shaping the recovery both in Europe and the United States (as well as Japan) to understand the differences. The persistence of divergent growth is dangerous to the functioning of the industrialized market economies as a whole, leading, as it may, to increasing threats to the open trading system as well as heightened political and social strain.

Since the second oil shock the U.S. economy has gone through a series of short, hard-to-predict cycles, as though it were bouncing between a floor constructed of a thrusting growth dynamism and an expansive fiscal policy, and a ceiling set by a strong anti-inflationary monetary policy. The proximate force propelling this recovery was the lifting of that monetary ceiling in the summer of 1982, with the subsequent steep decline in nominal interest rates and the dazzling stock market rally. American consumers, who had earlier been cautious and fearful of rising unemployment, were in a highly liquid position which was improved by the personal tax cuts and the increase in wealth from equity holdings (more than sufficient to offset the wealth loss from declining housing prices during the recession). Household net worth increased by more than $1 trillion since mid-1982. Pent-up demand for housing, autos and durables was "released" as the drop in short-term interest rates fed into mortgage and consumer credit rates. Responding to the revival of consumer confidence, business triggered the upturn by slowing the run-down of inventories and re-hiring layoffs. The gain in employment has been widespread and surprisingly rapid by past standards. Investment has also been above average, stimulated by an atypically rapid and vigorous rebound in profits—the result of lower inflation, low wage settlements and the 1981 corporate tax changes.

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[8] This view of "self-levitating" growth is strongly held by the new classical economists in Europe and has shaped policy stance in many European countries, especially since the second oil shock. In addition to monetary targetry (or exchange rate targeting in some countries) it emphasizes a fiscal policy of reduced budget deficits, supply-side measures to improve the flexibility of markets, and real wage reduction.

At one level, it is quite plausible to describe the U.S. recovery as a not unusual policy-led upturn. But, in fact, the recovery is unusual in several respects. First, interest rates, especially long-term 'real' rates (the inverted commas acknowledge the difficulty of definition), are at unprecedentedly high levels for this stage of a recovery. (As growth picks up they would normally be expected to rise.) It is an understatement to say that there is no agreement as to *the* cause of the high long-term rates (or even as to their level) but one would have to take a very extreme position indeed to discount the effect of market fears of a persistent "structural deficit" (the gap between spending commitments and tax revenue that remains even at high employment levels) of near $200 billion—perhaps two to three percent of GNP.[9]

Such high real rates are evidently a major impediment to revival in other countries (and a serious burden for the heavily indebted developing countries). Yet the U.S. economy, so far, appears to be less interest-sensitive than other economies, perhaps for tax-related reasons, or because of the far greater importance of equity markets than in most other countries, the improved profit flow emanating from the recovery and modest wage behavior. There may be more elusive reasons—underlying bullishness, confidence, flexibility, dynamism—which are impossible to quantify but undoubtedly important. The macroeconomic consequences of a growing defense sector, likely rather interest-insensitive, may be still another factor.

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[9] There is widespread disagreement on the quantitative impact of the structural deficit on interest rates both within the economics profession and within the Administration. On the former, the present state of the debate is best summed up in the title of a *Wall Street Journal* article (October 24, 1983), "Are Big Deficits Bad? Yes and No and Maybe," an account of a discussion "by several dozen of the country's most eminent economists." On the latter, see "The Reaganites Civil War Over Deficits," by Richard I. Kirkland Jr., *Fortune*, October 17, 1983.

The recovery is most unusual in another respect. One consequence of the high real U.S. interest rates (though other factors were also at play) has been the deterioration in competitiveness occasioned by the continuing appreciation of the dollar. So this recovery is also unique in beginning with an unparalleled trade deficit, the recession having been seriously exacerbated by the loss on the external side rather than the usual pattern of external offset to weakening domestic demand. On the assumption of unchanged exchange rates (and given the more robust U.S. recovery than elsewhere) the 1983 trade deficit was probably around $70 billion. (This, of course, was of considerable benefit to the rest of the OECD as the United States sucked in European, Canadian and Japanese exports.)

Even this may cut both ways, however. The appreciating dollar has played an important role in lowering U.S. inflation--a plus factor in the recovery. Further, the remarkable capital inflow which pushed up the dollar served to counterbalance some of the domestically generated pressure on interest rates. Eventual negative effects will depend on when, how and how far the dollar falls—and on the U.S. domestic policy response to its fall and ensuing inflation.

What is at issue is the resolution of the clash between the present stance of monetary policy—now delicately tuned to accommodate a nominal income pickup of nine to ten percent (no easy task in the face of ongoing financial deregulation and innovation contaminating the targets)—and a fiscal stance, in the form of present and prospective budget deficits, which has helped initiate the growth pickup but also threatens its longer-run sustainability either for domestic or external reasons or both. Any marked change in the severe American affliction of fiscal catatonia before the election in 1984 seems improbable.

Some of the weakness in Europe is a consequence of the unusual features of the U.S. recovery. High real interest rates, in part at least a result of the expansive U.S. fiscal stance, seem to be a far greater impediment to European than North American growth. The option of "de-linking" from U.S. rates—easing monetary policy and risking further depreciation vis-à-vis the dollar—has been rejected because of the inflation implications.

The appreciation of the dollar, as well, is seen by the Europeans as a major factor in their sluggish recovery. The rising dollar adds to the cost of imported oil (priced in dollars) and, to a lesser extent, other commodities. Further, in addition to constraining monetary policy, the misalignment and volatility of European exchange rates vis-à-vis the dollar add to uncertainty, thus engendering a "wait and see" attitude on the part of investors. It is also argued that uncertainty about further protectionist measures—provoked by the deterioration in American competitiveness—has a similarly negative effect on investment planning.

While these negative influences are important, they provide only a partial explanation of the weakness of the European outlook. The more vigorous U.S. recovery and the deterioration in American competitiveness do serve to stimulate European net exports (and help offset the shrinking opportunities in the debt-constrained Third World). The United States may no longer be as powerful a locomotive for the rest of the OECD, but it's still a locomotive. Nor is it by any means obvious that a tightening of U.S. fiscal policy and a fall in the dollar (so often proposed as *the* conditions essential to renewed and sustained European expansion) would provide, in themselves, a significant stimulus to European growth. The outcome would depend on the impact of the deficit reduction on U.S. growth, the response of U.S. interest rates, the stance of European monetary policy and the effects of declining European competitiveness on their net exports. Further, a fall in the dollar would likely produce renewed strains within the European Monetary System.

There would be pluses and minuses in this complex scenario but, on balance, the result seems unlikely radically to transform the present European outlook. This is not to say that a resolution of the U.S. fiscal-monetary clash or a realignment of exchange rates is not desirable (for the United States, the OECD and the developing countries) but only that the major forces affecting the European recovery are primarily to be found within Europe.

Just as this is not a standard recovery in the United States, so is it somewhat unusual in Europe. Far weaker than past cyclical upswings, it so far lacks the vigorous export boost which has typically added strength early in the recovery, and depends to a surprising degree on reduced household savings fuelling consumption. Apparently the unexpectedly rapid decline in the rate of inflation has improved consumer confidence, and has also enhanced their real wealth. (This is particularly marked in the United Kingdom, where the household savings rate has dropped an astonishing six percentage points over the past two and a half years, but is also evident in most European countries.) Oddly enough, though American consumers showed great caution and concern as unemployment rose in 1982, and Canadians continued to resist running down savings even as the recovery proceeded and unemployment declined, the marked and continuing deterioration in labor market conditions in Europe has had no discernible effect on consumer behavior.

A recovery which is heavily dependent on a reduction in household savings is unlikely to be either rapid, robust or sustainable. Further, the policy environment in Europe does not add to the forces stimulating growth. The easing of monetary policy in 1982 ended and was modestly reversed in 1983—all in line with U.S. developments. The stimulus provided by the initial decline in interest rates to consumer spending in housing and durables was significant. But the decade or more of deterioration in the profitability of enterprise in Europe and the general climate of uncertainty and lack of confidence or underlying bullishness [10] present formidable hurdles to investment at the present level of long-term real interest rates. While profit shares are improving in many European countries (in part as a consequence of the moderation in labor costs during the recession) the weakness of the recovery thus far suggests that the improvement may only be sufficient to arrest the secular decline in profitability.

It is fiscal policy, however, which presents the most striking contrast with North America (the Canadian fiscal position being less expansive than that of the United States but less restrictive than that of most European countries). Deeply concerned with the large deficits which had emerged in the 1970s—a consequence of greatly expanded social expenditure and declining revenues stemming from slow growth—most European governments have sought not only to reduce the deficit but to shift the composition of both expenditure and taxation in order to reduce consumption and increase investment. Some countries have also tried to shrink the total size of government in order to improve the flexibility and efficiency of markets (seeking, in effect, though seldom in stated purpose, "supply-side" benefits). The distinction between actual and structural (or high employment) deficits, so important in the North American debate about fiscal policy, carries less weight in many European policy circles, the Germans and the Dutch being paradigmatic examples. Largely ignored as well was the impact of simultaneous tightening among the closely linked European economies, amplified through induced reduction in trade and hence activity.

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[10] For an exposition of some of the sources of "Europessimism" and of the extent and nature of the structural rigidities in labor and product markets see Sylvia Ostry and Val Koromzay, "The United States and Europe: Coping with Change," *The OECD Observer*, May 1982, pp. 9–13.

The results have been disheartening—akin to running up the down escalator—for two reasons. The first is the concurrent fall in revenues and rise in unemployment compensation associated with weakening activity. The second is the higher payment needed to service outstanding debt, largely associated with the high interest rates of the past several years. Worse, deficit reduction has more often been achieved by cuts in public investment than in public consumption (the Italians—who should know—have a wise saying: "public consumption has a thousand fathers in parliament, public investment is an orphan"), or by tax increases, with adverse supply-side consequences. Ironically, the commitment to deficit reduction, proclaimed as essential to restoring business confidence, created an expectational climate which has both reduced the already constrained room to maneuver in the fiscal area and added to uncertainty and pessimism.

There has undoubtedly been no option other than a determined and continuing fiscal tightening for the high-inflation and high-structural-deficit countries of Europe, and there is a need in many European economies to reform and restructure expenditure (especially social security expenditure). But a number of the lower inflation countries are at present in approximate structural balance, their actual deficits mainly reflecting the effects of the prolonged recession. Yet further moves to tighten in Europe as a whole were undertaken in 1982 and 1983, with announced plans for the future in the same direction. Moreover, there has been less progress (Britain being an exception to some degree) in tackling the non-budgetary aspects of government—the nexus of economic regulation both within countries and within the Community—including the elaborate subsidization and tax expenditure programs and the anti-competitive practices in both product and labor markets, sustained by government action and inaction.

In sum, then, the weak recovery in Europe is largely a result of the weak dynamic forces shaping it: the post-oil-shock disinflationary process and the relatively slow growth of external markets other than the United States. External constraints on monetary policy, a restrictive fiscal stance and a failure to grapple with non-budgetary aspects of government instrusiveness either domestically or at the community level are powerful countervailing negative forces. The "experiment" in "self-levitation"—the view that low inflation and reduced government are both necessary and sufficient conditions for restoring sustainable growth through the self-equilibrating properties of a market economy—could not have been conducted under less advantageous conditions.

The danger that inherited structural rigidities will be exacerbated by a prolonged period of stagnation has been termed the "slow growth trap." The trap has many hooks: cyclical unemployment, through skill erosion and lack of job experience, becomes hard-core structural unemployment; deficits become structural; bailouts, subsidies and proliferating neoprotectionist measures reduce efficiency, productivity and flexibility; reduced investment increases potential capacity bottlenecks; low growth expectations come to dominate entrepreneurial behavior. To escape ensnarement in this trap, business fixed investment must "take over" as the engine of growth in Europe. The recent improvement in profits and turnaround in confidence are hopeful signs. But for the present the appropriate judgment on self-levitation must be the Scottish "not proven."

Finally, to complete the profile of the 1983 recovery, a look at Japan. Japanese growth had been largely maintained during 1980 and 1981 by strong exports, while adaptation to the oil price rise and to structural changes in production and demand proceeded with astonishing rapidity, as did the remarkable deceleration of prices (now below the inflation rate of the 1960s). But export volumes began to taper off by the end of 1981 and continued to drop through 1983. How much of this was due to the general weakening of world trade and how much to increased protectionism (voluntary or otherwise) is hard to gauge. But given the greatly enhanced competitiveness of Japanese exports due to the rapid development of new products, the substantial depreciation of the yen during 1982 (and again in 1983 vis-à-vis the dollar), and the extreme modesty of wage developments, it seems likely that protectionism of one kind or another has been a significant factor.

If export restraint continues, Japan will have to shift more to domestic growth; indeed, limited efforts in that direction have been taken and are planned. However, Japan's room for maneuver in both monetary and fiscal policy is seriously constricted. Unlike most European countries, the Japanese did not tighten monetary policy in early 1981 (in response to the rise in U.S. interest rates at the turn of the year) and the subsequent yen depreciation, which kindled and exacerbated protectionist pressures, has prevented any significant easing in response to the fall in U.S. rates. Given the low rate of inflation, real interest rates are very high and serve to inhibit investment, especially in the dynamic small-enterprise sector. Until sustained appreciation of the yen is assured, the scope for a significant easing of monetary policy remains very limited. (The full details of the recent U.S.-Japanese agreement on measures to strengthen the yen remain to be spelled out by the joint study group set up on the occasion of President Reagan's November visit, but seem to involve an effort at increasing internationalization of the yen.)

Fiscal policy is even more constricted. The Japanese structural deficit is presently estimated at perhaps three to four percent of GNP, larger than that of the United States (although much higher household savings in Japan make the situation less immediately threatening). The possibilities for cutting expenditure over the medium term are limited both by the continuing need to upgrade the still-inferior social infrastructure and by demographic changes which will increase social security expenditure (and reduce household savings). The Japanese tax base is far and away the smallest in the OECD and has proven, so far, politically very difficult to either extend or restructure. As the stock of public debt rises and deficits persist, the upward pressure on interest rates will mount, adding to the deficit itself—the syndrome familiar in Europe. But, unlike the Europeans, the Japanese are quintessential pragmatists in fiscal policy (fine tuning public works expenditure over the fiscal year is a fine art) and have sought to maintain domestic demand during the present period of weakened growth and rising protectionism. Nonetheless the economic predicament is real and can only increase over time.

Finally, there is a deeper dilemma inherent in the present situation, a dilemma which seriously adds to the strains within the OECD area as a whole. The proliferation of protectionist measures against Japan over the past few years has had a pernicious effect on the structural adaptability of the importing countries (see below). Mounting protectionism has, moreover, led to higher export prices for Japanese products as Japanese producers have responded to these restraints both by moving upstream in exports and, because of floor price mechanisms, increasing profit margins—thus possibly accelerating technological change (through increased research and development expenditure) and stimulating further "targeting." The vicious circle thus widens. Because the Japanese have adapted so quickly to the voluntary restrictions, the value of Japanese exports in these sectors has been affected far less than the volume. Yet some of the present weakness in investment in Japan is no doubt related to the present trading environment and to fears of further protectionism, which are impeding the desired shift in growth from external to domestic demand. Modest additional measures to further open the Japanese market to imports were taken in 1982 and 1983, but sluggish domestic growth and the weak yen have so far limited their impact. A marked increase in direct investment abroad is also a welcome development (although there is growing concern about a competitive scramble for such investment which could induce further distortions in the multilateral trading system). There are, unfortunately, few signs of more foreign investment in Japan, which would be equally desirable.

Some of the present Japanese dilemma stems from the American policy clash. But, as in the case of Europe, that is only part of the story. Japan needs to get its tax system in order and resolve its fiscal problem—politically to accept over the coming years the fiscal implications of a mature industrial society—and more vigorously to open up its markets, including the still highly regulated financial markets.

III

The nature and pattern of the OECD recession and recovery has been influenced by and is influencing the world trading and financial systems. The unexpectedly rapid disinflation, manifested *domestically* in declining output and rising unemployment, operated *systemically* to spawn new and renewed protectionist measures, exchange-rate volatility and misalignment, and serious debt and balance-of-payment problems in many non-OECD countries.

Since the end of the 1970s there has been, within the OECD, a slow erosion of the open trading system mainly in the form of the "new protectionism": voluntary export restraints negotiated on a bilateral basis and various types of subsidies. (With the major and important exception of the renewal of the Multi Fibre Agreement in 1981, the principal direct impact of these measures has been to increase protection among the developed market economies themselves.)

The erosion has indeed been slow. Underlying protectionist pressures, with rising unemployment and exchange rate misalignment, have been powerful; yet the system has proved remarkably resilient so far. Studies of the recent stagnation and (in 1982) actual decline in overall world trade reveal no significant causal factor other than the recession itself.

The dangers of continuing slow erosion, however, should not be underestimated. Traditional economic analysis has concentrated on the "static" efficiency costs of trade barriers. What is more important at the present time is increased awareness of the more elusive and inherently less quantifiable "dynamic" costs of the new protectionism: the reinforcement and extension of structural rigidities which further impede the capacity of the industrialized economies to adapt to ongoing shifts in comparative advantage and changing technology, and further undermine the effectiveness of macroeconomic policy. Given the divergent pattern of the present recovery and the greater flexibility of the U.S. and Japanese economies, the risks of further deterioration in the trading system may be especially high for Europe (although it would be unwise to underestimate the threat to the system which could arise if the necessary long-term adjustment of the U.S. steel industry is impeded by further politically motivated protection). In any case, a perpetuation of divergent growth patterns among the major blocks of the OECD will itself greatly intensify protectionist pressures.

As for developments in 1983, the year began auspiciously enough with a press release from GATT (the General Agreement on Tariffs and Trade) on January 3 to mark its 35th anniversary and the halfway point in the phasing-in of the Tokyo Round tariff cuts. But the flavor of the year was probably better captured by a *Financial Times* leader on February 15 entitled "The Drift to Managed Trade."

The occasion was a three-year trade agreement between the European Economic Community and Japan to limit Japanese exports of a wide range of products into the Community. The most important of the products were VTRs (video recorders) for which (a new twist to the new protectionism) European manufacturers were guaranteed a minimum price and a minimum production run. The agreement—the first negotiated at the level of the Community rather than individual countries—neatly sidestepped GATT as well as both national and Community competition-policy provisions, despite its cartel-like nature.

The agreement is intended to provide the time and conditions which would permit European producers to improve their competitiveness vis-à-vis Japan—an infant industry rationale for an important "sunrise" sector. But it is not clear how the big European producers are to "achieve the economies of scale and profitability which will enable them gradually to close the efficiency gap between themselves and the Japanese." One way would be through market competition, which the voluntary export agreement effectively limits. The other possibility is a European industrial strategy—as yet to be defined, let alone launched and implemented. It is important to point out, moreover, that Phillips and Grundig were in the VTR business well before the Japanese but were unable to establish a foothold in the European market.

The EEC-Japanese agreement was the most elaborate but by no means the only example of protectionism in 1983. For the most part such measures continued the trend toward "managed trade" in industries already affected by the new protectionism. Thus, in February, the Japanese renewed their voluntary export restraint on autos into the U.S. market for a third year and, in November, for a fourth year. In both instances Canada was not far behind in seeking relief from potential trade diversion. The battle over steel between the United States and the EEC, and within the EEC, continued. Europe tightened steel quotas from Third World countries. Australia unveiled, in August, a five-year protection and development plan for its steel industry. Canada and the United States undertook further measures to stem the flow of clothing imports. And so on.

It's likely that the sum of the additional protectionist measures which took place in 1983, if one could quantify their impact, did not significantly increase the portion of world trade which is now "managed"—an oft-quoted estimate (including agriculture) is 30 to 40 percent. But, despite official pronouncements to the contrary, no new initiatives either to stem or reverse the drift were successfully launched (with the welcome exception of the OECD agreement on an automatic system to reduce the subsidy element in export credits). It remains an open—and valid—question whether creeping protectionism can just continue to creep or whether slow erosion, on reaching some invisible and unpredictable threshold, will abruptly transform the world trading system.

As has already been pointed out, the main direct impact of the new protectionism has been on the developed countries. But by impeding the process of structural adjustment, no longer confined to labor-intensive consumer goods, the erosion of the open trading system will certainly affect the growth opportunities of the developing countries—and, of course, their ability to service debt and import the new capital essential to their long-term development.

A development in the steel industry at the end of 1983 provides a cautionary tale. In November, U.S. steelmakers, having won restrictions on Japanese and European imports, filed a countervailing-duty action against state steelmakers in Mexico, Argentina and Brazil charging that the three governments are subsidizing exports. Given the need for foreign currency to service the enormous debts of these Latin American countries, combined with falling steel demand and excess capacity throughout the industrialized world, the complaint seems plausible enough. But, as *The Wall Street Journal* commented, "the trade actions are unlikely to be cheered by the

International Monetary Fund, which has been working to alleviate the debt burdens of Mexico, Argentina and Brazil."[11] Similar trade actions are likely to multiply throughout the industrialized countries as the difficult and painful realignment of the world steel industry is impeded and prolonged, as the strains on the world monetary system persist and as the slow erosion of the open trading system continues. The cautionary tale of the steel industry captures the essence of "interdependence."

The characterization of 1983 as a year of "marking time" is especially appropriate to the international debt situation. Seemingly endless negotiations, discussions, haggling and dickering finally culminated, in late November, in the ratification, after bitter debate, by the U. S. Congress of the International Monetary Fund's quota increase (decided in February by the IMF's Interim Committee); the resumption of normal lending by the Fund (suspended in September); and agreement on a complex loan package for Brazil, the world's largest debtor (to whom the Fund had stopped lending in May). A rupture of the international monetary system had once again been averted and by year-end optimists could detect signs that the case-by-case approach to rescheduling, the preferred game plan of the main actors, was slowly evolving in the direction of a more coherent strategy. But the essential preconditions for a longer-term resolution of international financial strains were by no means firmly established.

The origins of the debt problem must be traced to the dramatically changed economic environment after the second oil crisis. Apart from the fact that there was some highly imprudent lending and borrowing, especially toward the end of the 1970s, and certainly domestic policies in some of the developing countries left much to be desired, the more fundamental explanation of the vast indebtedness of a number of the non-oil developing countries lies in the second oil shock and the unexpectedly rapid disinflationary process triggered by the synchronized "inflation first" policy response of the OECD countries to that shock. Shrinking markets, plunging commodity prices, a rising dollar (in which most of the debts were denominated) and an unprecedented turnaround from negative to high real interest rates made debt servicing nigh-impossible for a number of developing countries.[12]

Indeed, disinflation was so much faster and greater than intended in part because the extent and nature of both real and financial linkages between the OECD and non-OECD economies had been underestimated. Of course, the linkages operate in both directions. The impact of the developing countries on the industrialized economies, while quantitatively less significant than the reverse feedback, grew in importance over the 1970s. During much of that decade the non-OECD regions absorbed a rapid growth in exports from the OECD. As recently as 1981 these exports were growing at an annual rate of nine percent in real terms (whereas intra-OECD trade peaked in 1979 and then turned negative) and thus helped to maintain OECD activity in the face of weak domestic spending. The non-OECD countries were able to purchase these goods partly because of their oil revenues, but also in large part because of their heightened ability and willingness to borrow in an inflationary environment and, finally, because they could expand their own exports to the OECD. The situation now and for the foreseeable future is the obverse. The capacity of the non-OECD countries to import from the industrialized countries will be largely constrained by their ability to sell to them; indeed, their imports for a time must lag behind their export receipts if they are to cope with their excess indebtedness.

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[11] *The Wall Street Journal*, November 11, 1983.

[12] See Pedro-Pablo Kuczynski, "Latin American Debt," *Foreign Affairs*, Winter 1982/83, pp. 344–364.

Of equal or greater importance are the financial linkages, since it is the banks of the industrialized countries who are heavily exposed to LDC (less-developed country) debt and it is that exposure, dramatically increased since the late 1970s, which represents the threat to the stability of the international financial system. The non-oil developing countries now have total external indebtedness (medium and long-term) of more than $575 billion, of which well over half is owed to OECD banks, most of it at variable interest rates, and over $100 billion to U.S. banks alone. There is, in addition, a substantial amount of short-term debt owed to private creditors. Further, the country concentration is very high: Latin American borrowers account for nearly half the total debt.[13]

The concentration of the debt problem in Latin America is evidenced also by the marked geographic differences in debt servicing capabilities. The IMF estimated, as of end-1982, that debt was equivalent to 246 percent of annual export earnings of the non-oil developing countries of the Western Hemisphere but only 81 percent for the Asian region.[14] While information for 1983 is not yet available, projections by Morgan Guaranty Trust[15] illustrate the variation among selected major LDC borrowers:

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[13] See Kuczynski, "Latin American Debt: Act Two," *Foreign Affairs*, Fall 1983, pp. 17–38.

[14] IMF *Annual Report*, 1983, p. 30.

[15] *World Financial Markets*, September 1983, p. 12.

TABLE
Average Debt in 1983
as Percent of Exports
of Goods and Services

Argentina	424
Brazil	359
Chile	290
Mexico	275
Venezuela	196
Indonesia	146
Korea	130
Malaysia	70
Taiwan	30
Thailand	131
Philippines	259

As the table shows, with the exception of the Philippines the debt-export ratios are very much higher for the major Latin American borrowers. Further, a far larger proportion of Latin American debt is owed to banks and the short-term share (over one-fifth at the end of 1982) is much higher than in any other region. While it would be wrong to underestimate the difficulties in other developing countries (and, indeed, these will be especially severe in the lower-income countries with little exposure to private financial markets and little prospect of increasing development aid), it is nonetheless the concentration of risk in a few large debtor countries which poses the more serious threat to the stability of the international financial system.

The response to this threat has been a case-by-case rescheduling (and provision of new funds) managed by the IMF and involving the debtor countries, the central banks of the industrialized countries through the Bank for International Settlements (BIS), and the commercial bank creditors. (Official debt has been handled through the so-called Paris Club.) The approach, a combination of financing and "adjustment" (a mild euphemism for sometimes brutal retrenchment by the debtor country), was novel in several respects. The BIS "bridging loans" provided the debtor country with the time for the complex and difficult negotiations with the Fund and the private banks. There were very large numbers of private banks involved and yet, remarkably, they have managed to undertake joint action—albeit with a certain amount of arm-twisting by the Fund and some central banks. Indeed, the most novel feature of the approach has been "the reversal of the traditional relation between the IMF and the banks."[16] Rather than using its "imprimatur" as an inducement to the banks' cooperation, the Fund stipulated that provision of its facility was contingent on satisfactory bank participation.

Judged by its success in averting a rupture in the world financial system, this case-by-case emergency operation has been extraordinarily effective. In terms of debtor adjustment, by mid-1983 the Latin American borrowers had moved to substantial surplus on their trade accounts—mainly, however, through cuts in merchandise imports. Tight fiscal, monetary and income policies and major devaluations have enabled them to meet external adjustment targets, but declining growth and rising inflation have worsened domestic performance, especially in Brazil. In that country it is by no means certain that the domestic targets set by the Fund in the new agreement can be met. Mexico, on the other hand, is regarded as well on the way to both external and domestic adjustment.

Since the onset of the "debt crisis" there have been a number of suggestions for more comprehensive plans, which are based on the premise that, in the absence of an internationally coordinated "global" solution, the scale and nature of developing country debt represents a permanent threat to the world monetary system. Although details vary, the basic approach involves a basically uniform long-term stretchout of the debt and a reduction in interest payments. These schemes have been firmly rejected at official levels, not only because they are considered politically unfeasible but also because they could well provoke the crisis they are designed to contain, by cutting off the flow of new lending to developing countries.

Given the wide differences in the economic and political circumstances of debtor countries, the case-by-case approach seems preferable. But expressions of concern were mounting as the year wore on. An emergency technique appropriate to a crisis atmosphere is likely to become less and less effective if repeated "encores" are demanded. Nor is it clear at the present time whether the "unspontaneous" lending by the commercial banks will be adequately augmented by the reduced but sustained flow of new funds essential to the viability of the debtor countries' external positions over the next several years. As of mid-year, the BIS reported some slight pick-up in voluntary lending to the non-oil developing countries, after a virtual cessation earlier in the year. But the situation appeared fragile, and in the final quarter of the year, data on international borrowing showed further retrenchment.[17]

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[16] For an account of the Mexican case and its implications see Alexandre Lamfalussy, "International Monetary Partnerships," *A New Investment Era*, Cambridge (U.K.): Jesus College, June 1983, pp. 28–35.

There were, however, some signs of a more helpful evolution in the basic approach. Under the auspices of the BIS, a committee report clarified some worrisome ambiguities in the regulation of international banking—though deliberately not in the even more worrisome area of lender-of-last-resort responsibilities. (On the other hand, part of the price for congressional endorsement of the IMF quota increase was a significant tightening of requirements for U.S. banks which could inhibit new international lending.) Growing criticism of the arrangement fees and increased lending margins claimed by the banks involved in the restructuring operations led to a modest reduction in fees and margins for Brazil, which may presage further change in this direction. Indeed, proposals for reductions in rates, to be tied to debtor country performance in meeting Fund targets, emanated from the banking community itself.[18] Further, there appeared to be a growing recognition that a longer stretch-out and grace period could well be required in particular cases (and that regulatory authorities would have to accommodate such a development). The risk, however, in pursuing both lower rates and longer terms is that they might increase the reluctance of some banks to provide new lending.

Other developments in 1983 may also serve to strengthen the cooperative multiparty strategy. The most important, of course, was the increase in the Fund's quota and the enlargement of the size and scope of the General Arrangements to Borrow (GAB) from major industrial countries. Further, the creation of the Institute of International Finance, to improve the flow of information on international debt to the private banks, could facilitate the participation especially of the regional and smaller banks and more generally bring better order and discipline to international lending. Finally, having launched some experimental co-financing techniques early in the year, the World Bank in November announced plans to embark on new borrowing ventures (to tap the short-term market) and was reported to be exploring the establishment of a new affiliate to work with commercial banks in lending for development purposes as well as a new multilateral investment-insurance scheme.[19]

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[17] OECD *Financial Statistics Monthly*, Paris: OECD, December 1983. Moreover, except for the United States, there was a sharp slowdown by year end in export credit insurance from the industrialized countries to the developing countries and signs that such credits were being used selectively for trade promotion purposes.

[18] See *Business Week*, December 5, 1983, for a report on such a proposal by Robert V. Roosa.

[19] A proposal for the creation of a facility in the Fund to insure bank loans against political risks was made by Johannes Witteveen, former Managing Director of the IMF, on the occasion of the 1983 Per Jacobsson Lecture in September.

In sum, over the short run, the most critical and uncertain feature of the case-by-case financing *cum* adjustment approach is the provision of adequate commercial banking flows. But assuming that the short-term liquidity problem can be solved, the longer-run condition for sustaining the indebtedness of the developing countries must involve a restructuring of their domestic economies to increase savings and expand exports (the lesson of the economically dynamic Asian newly industrializing countries and, recently, of India). This, it almost goes without saying, will require a maintenance of the open trading system. And to reestablish growth and satisfactory debt-servicing capacity the developing countries will also need an improvement in the *quality* of capital flows—a shift from short-term balance-of-payments financing to longer-term development funds and, desirably, more equity capital—all involving a much enhanced role for the World Bank.

Finally—and this brings us full circle—there can be no question of a longer-term solution to the global debt problem or the more pervasive systemic strains in the absence of durable, more balanced growth in the OECD countries.

IV

The *Williamsburg Declaration on Economic Recovery*, issued on May 30 at the close of the ninth annual economic summit conference of the seven largest industrialized countries in the OECD (the United States, Japan, Germany, France, the United Kingdom, Italy and Canada), focused on "the challenge of ensuring that the recovery materializes and endures." To meet this challenge, the heads of state emphasized the importance of both domestic policy and international coordination of policies.

As to the former (domestic policies in the major industrialized countries) the Declaration provided a strong endorsement of the new classical economics. The way to promote recovery is "to reduce structural budget deficits." Though "structural" was a code word to emphasize the special importance of this commitment by the United States, it was nonetheless meant to apply to all the summit seven, without differentiation. However, the Williamsburg prescription is, in fact, being followed only by the European summiteers.

The divergent pattern of the 1983 recovery has already been described. The more vigorous U.S. recovery has been attributed, in part, to a modest easing of monetary policy in 1982 and to the substantial fiscal stimulus of 1982 and 1983—a cumulative swing of 1.5 percent of GNP in the cyclically adjusted budget.[20] But this assessment is clearly a matter of judgment and, given the state of doctrinal dispute within the economics discipline, it is not a judgment which would be unanimously endorsed—nor would its empirical verification be easy. Moreover, and in this there would be a greater degree of unanimity, it could all end in tears because in the long run, if inflationary expectations have not been decisively destroyed, a return to high levels of employment may bring with it a resurgence of inflationary wage and price behavior.

In other words, in the long run there may be no trade-off between growth and inflation. But there does seem to be such a trade-off in the "policy run," when governments must make policy choices and assess their economic (and political) impact.[21] Of course the question of the sustainability of the U.S. recovery remains open. Whether action *now* to ensure that the structural deficit does not materialize in the *future* (along the lines of the contingency tax proposal) would reduce long-term real interest rates sufficiently and sufficiently promptly to offset the impact of the fiscal contraction is also an open question and unlikely to be answered until after the next election. And that may be too late because the more immediate threat posed by the monetary-fiscal clash in the United States could well be an unmanageable slide in the dollar which would force a tightening of monetary policy and, through a reversal of the capital inflows that have helped fund the present deficit, push up interest rates even higher.

Since the Europeans are, unlike the Americans, faithfully following the Williamsburg prescription, the issue of the role of fiscal policy in ensuring recovery is perhaps more relevant for them.

Again, as a matter of judgment, given the weakness of the European growth outlook it doesn't appear to be the case that cutting deficits in recessions promotes recovery—at least not in the "policy run" (and the political cost has, so far, been surprisingly light). But, of course, new classicists don't think in terms of the policy run—for them, only the long run is relevant. So the question has to be put another way: is fiscal tightening in Europe shackling the natural, self-equilibrating properties of the economy? The implication of the question, it must be emphasized, is not an advocacy of short-term fiscal stimuli but of a less extreme restrictive stance in the present conjuncture. For Germany, the dominant economy in Europe, the cumulative estimated discretionary swing in the direction of restriction represented 3.2 percent of GNP in 1982 and 1983 with a further 1.2 percent at present planned for 1984. That could be a pretty heavy shackle for even the liveliest self-levitater.

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[20] All estimates are from OECD *Outlook*, December 1983.

[21] See David T. Coe and Gerald Holtham, "Output Responsiveness and Inflation," OECD Economics and Statistics Department, *Working Papers*, No. 6, Paris: OECD, 1983.

If the dynamic sources of growth were more powerful, the fiscal stance might not be so important. Cutting deficits, after all, is intended eventually to improve confidence and produce beneficial supply-side effects. Typically, in post-war recoveries, exports have played an important role as an engine of German growth not only by directly affecting output but through their favorable influence on entrepreneurial expectations, thus inducing both capacity-expanding and cost-cutting investment. But, given the present world outlook, exports will not be a major source of growth for the present. The problem is exacerbated by the uncertainty generated by exchange rate instability and rising protectionist pressures both within and outside the Common Market. So far from being a factor strengthening confidence and improving investment, the relatively greater dependency of European (than of American or Japanese) firms on export markets has acted to reinforce the declining growth expectations of many European enterprises.

Perhaps too in this period, more than is usually the case, the role of fiscal policy in sustaining domestic demand is especially important because of the external constraint on monetary policy. An approach that moderates medium-term fiscal deficit targets in the light of the impact of fiscal stance on activity (and vice versa) seems warranted, especially in Germany and some of the other low-inflation continental European countries. (Among the major European countries only in the United Kingdom is the fiscal position neutral or slightly expansionary.) A more vigorous and assured recovery is an essential precondition for tackling the more deep-seated structural problems in Europe. In its absence, it may be impossible to avoid measures which worsen them.[22]

While fiscal policy was highlighted in the Williamsburg Declaration, the other major domestic policy instrument—monetary policy—was also mentioned. But specificity as to either calibration or implementation was avoided: the adjective "appropriate" was used. Perhaps this reflected the experience of 1981 and 1982, especially but not only in the United States, when the relationship between the monetary targets of the central banks and the final objectives of policy proved exceptionally unpredictable. This has led, as has already been mentioned, to a more flexible and pragmatic approach to the implementation of monetary policy involving the monitoring of several monetary aggregates as well as other indicators of monetary conditions. Rapid financial innovation has affected and is affecting the behavior of different monetary aggregates. Innovations or other factors which reduce or increase the demand for "money" (it's not so easy to define these days) can make a given money rule more expansionary or contractionary than intended. So, in effect, the move to more flexible implementation implied an effort to take into account changes in money demand or its obverse, the velocity of circulation. The hope is that this more pragmatic approach will not undermine the credibility of the commitment to reduce inflation. The unanswered question is whether inflationary expectations are simply quiescent or finally quelled. As long as the question remains, so will the need for caution in monetary policy.

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[22] In December, the incapacity of the Community summit to reach agreement on the budget in the face of impending bankruptcy underlines the extreme gravity of the situation. A failure to tackle the thorny question of reform of the common agricultural policy threatens a renewed flare-up with the United States over a number of agricultural commodities.

The change in the conduct of monetary policy is one of the reasons for a renewed interest in approaching macroeconomic policy objectives within an interpretive framework of nominal GNP[23] (arithmetically equal to MV, the monetary target and velocity). This would *not* provide a substitute for setting monetary targets, but would serve to emphasize that final objectives of policy include growth as well as inflation—and that these are influenced by fiscal as well as monetary policy and the degree of congruence between them (the "mix"). In the recent recession, as inflation declined more rapidly than expected, there was a temptation, as one British economist described it, to "pocket the gains and run," leaving no growing room for the real economy. While macroeconomic policy cannot determine in any direct fashion the "split" in nominal GNP between growth and inflation, the concept itself is useful in conveying to private sector decision-makers that jobs and growth will depend on their behavior as well as on government policy. Far from being arcane, such a message may carry greater weight in subduing inflationary expectations than reiteration of a determined adherence to a mysterious M-whatever. Given the confusion over M's during the past few years one can sympathize with the economist reported to have said: "If it's egg salad production that the Fed is watching, then we'll be looking at egg salad production."[24] Quite.

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[23] The OECD Ministerial Communiqué, for example, makes mention of a nominal income framework in considering medium-term macro policy settings, as did the Group of 30 at their May meeting in London. See *Financial Times*, May 11, 1983. For a full discussion from a long-time exponent see Samuel Brittan, *The Role and Limits of Government*, London: Temple Smith, 1983, Part II.

[24] *Business Week*, October 3, 1983, quoting W. Lee Hoskins of Pittsburgh National Bank.

But it might not provide much guidance for the next bargaining round in the steel industry.

Turning from domestic policy to international cooperation or coordination, the summit communiqué emphasized, as did the Versailles Summit the previous year, the need for "convergence" of economic performance. The institutional vehicle for achieving convergence is the Group of Five (G-5) finance ministers (Britain, France, Germany, Japan and the United States) meeting in conjunction with the Managing Director of the IMF. The Versailles Summit, which established this new procedure of "multilateral surveillance," had stressed the importance of achieving stability of exchange rates through better coordination of monetary policies, but the Williamsburg Declaration went much further in spelling out the policies "that will be kept under review" to include not only monetary, fiscal and exchange rate policies but also "policies toward productivity and employment" embracing a comprehensive range of structural policies.

It's too early to judge what impact, if any, the new procedure has had. The problems of exchange-rate misalignment and volatility have not perceptibly receded over the past two years nor does the present recovery hold much promise of near-term convergence in growth performance. The differences in inflation rates among the major industrialized countries have narrowed marginally and—barring major exchange rate changes—seem likely to narrow further in 1984.

So, while a forum for multilateral policy coordination has been established, the difficulties in achieving such coordination remain formidable. The initial focus of attention on monetary policy and exchange rates was, in retrospect, unfortunate. Anthony Solomon, in a review of summitry efforts in this respect since Rambouillet, analyzes the economic, political and institutional obstacles to achieving coordination of domestic monetary policies.[25] The far broader range of policies spelled out in the Williamsburg Declaration is, therefore, a welcome development.[26] Still, if it has proved impossible to agree on guidelines for the coordination of one policy instrument, why would a more elaborate array of policies present a more promising basis for achieving progress toward the goal of convergence? The answer surely has to be that in itself it won't. But, by including the full range of policies that influence both growth and inflation as well as structural adaptability, the narrow definition of convergence implied at Versailles—inflation and exchange rates—has been broadened to include all the strategic variables that govern the dynamics of economic performance. The nominal GNP framework, which embraces this broader definition of performance, might provide a useful basis for a more meaningful discussion of convergence.

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[25] George de Menil and Anthony M. Solomon, *Economic Summitry*, New York: Council on Foreign Relations, 1983. Mr. Solomon notes that there is now a discernible convergence of views "among the financial authorities of the major countries, and something like a *pragmatic consensus* might emerge." (p. 73, emphasis added). Recent statements from the Bank of England support this view. See *Financial Times*, November 17, 1983.

[26] The Williamsburg Summit also agreed to undertake an examination of the international monetary system and in December the G-10 deputies (comprising senior treasury officials from the seven summit counties as well as Sweden, the Netherlands, Belgium and Switzerland) announced that preparatory studies were underway for a meeting early in 1984. For a discussion of the need for a "new Bretton Woods," see Robert D. Muldoon, "Rethinking the Ground Rules for an Open World Economy," *Foreign Affairs*, Summer 1983, pp. 1078–1098.

By focusing on medium-term convergence of nominal GNP, the importance of both inflation and growth would be recognized. Low-inflation countries, having "earned" growing room, should be encouraged to ensure that the room was occupied. High-inflation countries would have no option but to reduce inflation to gain "space" for growth and jobs. Since nominal GNP is influenced by both monetary and fiscal policy, the objective of convergence would necessarily involve a consideration of both policies and the compatability between them, both domestically and internationally. And since the "split" between growth and inflation in any given nominal GNP is determined by supply-side factors (as well as the behavior of market actors), this broad framework for international discussion might serve to point up the dangerous international implications of policies which impede adaptation to structural change.

An agreement on such guidelines for discussion could make a contribution to furthering international cooperation, but alone would not overcome the more deep-seated problems that impede coordination. The extent and nature of economic and financial linkage within the OECD area, and between the OECD and the rest of the world economy, severely limit the scope for effective domestic economic management. When, as was the case in the early 1970s and again after the second oil shock, there is a synchronization of macro policy within the OECD, the effects (in the first case, highly inflationary, in the second strenuously deflationary) are far greater than any individual country, even the largest, anticipates or intends. In theory it would be possible to take these effects into account in calibrating policy stance, and in that sense "coordination" might not be necessary but simply better information, perhaps through cooperative discussion in a multilateral institution. In practice, of course, the process of domestic policy making reflects domestic preoccupations and what is regarded as an erosion of national sovereignty is increasingly resented or, where a country is powerful enough, simply ignored.

Daniel Bell has written about a mismatch of scale: governments today are too small to deal with large problems and too big to deal with small problems. More to the point in the present context, there is also, because of the powerful and pervasive economic linkages in the world, a mismatch between policy instruments and objectives. Further, there is a mismatch which extends beyond national governments. The interrelationship between systems—the world trading and financial systems—has increasingly blurred the boundaries which represent the mandates of the postwar multilateral institutions. While major institutional restructuring is neither feasible or desirable, much more systematic consultation and cooperative procedures than now exist have to be established. These two aspects of interdependence—linkage and interrelationship—thus demand a degree of cooperation and coordination both among national governments and among institutions which far outstrips present political reality.

The best hope for progress in dealing with the problems of interdependence lies in the growing awareness of the economic and political consequences of failure. Coleridge's aphorism, "Fear gives sudden instincts of skill," captures the essence of the emergency response to the global debt crisis. But the aphorism may be particularly appropriate because the global debt problem is so visible and its dimensions and implications so visibly mind-boggling. The dangers of the slow erosion of the world trading system and the reinforcement of deep-seated structural rigidities are correspondingly greater precisely because they are less transparent and less easily comprehended. In 1983, while we may not have moved much closer to that invisible threshold of systemic transformation, we did not take any decisive steps away from it—we only marked time.

Walter Laqueur

U.S.-SOVIET RELATIONS

"What is bewildering is the conviction—and it is becoming more and more general—that in all the perils that confront us, the direction of affairs is given over to a way of thinking that has no longer any understanding of itself. It is like being in a carriage, descending an increasingly precipitous slope, and suddenly realizing that there is no coachman on the box." The lines were written in 1854 by Fyodor Tiutchev, poet and diplomat, in a letter to his wife. The image is frightening and many seem to have experienced similar fears as the year 1983 drew to a close.

It was the year of Korean Air Lines Flight 007, of Beirut and Grenada, of the breakdown in arms talks and the escalation in the shouting war. It was also the 500th anniversary of the birth of Martin Luther, a great believer in the educational value of inducing fear among his audiences, proclaiming that the Judgment Day was at hand. But at least some of the thunder was of the variety produced on the stage, and there is reason to believe that those who feared to have lost Tiutchev's coachman, thought the ground had disappeared under their feet, felt a new ice age coming or saw Sarajevo and 1914 written in giant letters all over a blood red horizon, will look back at some future date to that *annus horribilis* with greater composure.

Soviet-American relations, to be sure, were in an appalling state—but not exactly for the first time: in fact, the very word "appalling" was used in the same context by one of my predecessors in these pages only three years ago.[1]

II

Leonid Brezhnev died on November 10, 1982; two days later Yuri Andropov was made his successor. Within the next eight months Andropov also became President of the Soviet Union and

[1] Robert G. Kaiser, "U.S.-Soviet Relations: Goodbye to Détente," *Foreign Affairs*, America and the World 1980, p. 515. The 1914 analogy, first made by some American writers, was taken up with great gusto by leading Soviet commentators. Georgi Arbatov, director of the U.S.S.R.'s Institute of the United States and Canada, wrote that he fully agreed with the American professor, one of the shrewdest U.S. foreign policy experts, who had written an article "Another 1914?" But unlike 1914 it was all the fault of the Americans.

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was identified as Chairman of the Defense Council, thus combining in his hands all three main functions of his predecessor. Much had been written earlier on in the West about Andropov's intelligence, agility and toughness, his vigor and matter-of-factness. Some said that he was a veritable dynamo who would get Soviet state and society out of two decades of torpor, that he would be the most formidable antagonist the West had faced since Stalin. Other Western observers, more skeptical, predicted a change in style but did not expect, for a variety of reasons, many changes of substance in the near future.

Given the character of the Soviet system, it seemed clear that it would take the new leader considerable time to establish his authority. He would be closely watched by his peers in the Politburo, who would zealously insist on their prerogatives and oppose any retreat from the principle of collective leadership. If Andropov intended to carry out sweeping reforms, an assumption that could by no means be taken for granted, he did not have much time, for he was the oldest Soviet leader ever to come to power. Even at the outset there were many reports that he was not in the best of health either. But even if he had been a much younger man, forceful and decisive, it would still have been doubtful whether any one man or group of people would have been in a position to effect major change in Soviet domestic and foreign policy.

In any case, Andropov seems to have been out of action during much of the second half of 1983. Having last appeared in public in August, he returned to his desk, according to Soviet sources, in December but failed to appear at the meetings of the Central Committee and the Supreme Soviet in late December. If the reports from Moscow about a "new style of leadership" were right, it still remained uncertain whether this was the result of Andropov's presence or his absence.

Within a few months of his appointment the picture of Andropov as a great shaker and mover was revised. The first foreign statesman to talk to him at any length was Claude Cheysson, the French foreign minister, and in Cheysson's unusually frank account, Andropov emerged as a sober and precise man, cold and above all cautious, comparable to a computer. Andropov's presentation was cool and objective, according to Cheysson, but it also appeared that the United States was the only partner that counted for the Soviet Union: "That we want to be independent does not interest him," Cheysson reported, "he wants to take into account our forces but not our reasoning."[2]

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[2] *The New York Times*, February 23, 1983.

The republication of Andropov's *Selected Works* later in 1983 reinforced this impression. In these speeches spanning the years 1942–1983 there was little of the hyperbole so typical for earlier generations of Soviet leaders. But there were also few if any original thoughts, no memorable phrases and, strange for an educated Russian, virtually no literary allusions. Even Stalin had his dozen standard quotations from Saltykov-Shchedrin, Gogol and Gorki; in Andropov's case there were none, even since he had moved from Petrozavodsk to Moscow.[3] These publications were not meant to reveal the innermost thoughts and feelings of Mr. Andropov, but there are degrees of caution and blandness; in this case the impression emerged that these qualities had become second nature over many years of service. Such a man was more likely to regard himself as a caretaker than as the initiator of mighty new enterprises; perhaps it was for this reason that the transition had been so smooth.

As for style, Andropov began by visiting the shop floor of a Moscow factory where he talked to a few workers. ("How long have you worked here, Comrade Korolev? How much do you earn? How large is your family, Comrade Skripkin?") It was a handsome gesture: Brezhnev had not gone among the people for many years, nor had Aleksei Kosygin or the others. But it seemed about as effective as his various appeals for greater discipline, and the experiment was not repeated.

According to some reports, Andropov had suggested that one could learn from the economic experience of other communist countries such as Hungary, that he was willing to consider greater emphasis on decentralization and less rigid planning—without, of course, sacrificing in any way the basic principles of Marxism-Leninism. But he was immediately told by his experts that a system that had worked in Hungary (and not too well in recent years) could not be used in the Soviet Union, that "localism" and "departmentalism" (i.e., decentralization) were incompatible with the Soviet system for both practical and political reasons, and that state interests must always have priority. This seems to have been the end of the Hungarian flirtation—at least for the time being.

The 1983 harvest was fair and productivity in industry seems to have gone up slightly during the first half of the year. But there was nothing very dramatic in these developments, and when Vadim Zagladin later wrote in a survey of 1983 that "historians will no doubt consider our time to have been extremely interesting," it was difficult to know what he had in mind, unless he referred to something hidden to most of his countrymen and all foreign observers.

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[3] The only exception was apparently a quote from the Bible about turning the other cheek in an interview with *Der Spiegel*, April 24, 1983. Y.V. Andropov, *Izbrannie Rechi i Stati*, Moscow, 1983, p. 259.

Would Soviet writers, artists and academicians have a little more freedom under the new "intellectual" leader? The first indications did not augur well: the supreme Party bodies were convened to discuss stricter controls and restrictions and the need to combat deviations. There was a speech by Konstantin Chernenko, Andropov's colleague in the Politburo, that was more hard-line than anything in years. At the time of his appointment, the new Secretary General was hailed as the best informed man in the Soviet Union, and it was speculated that there would be some new departures in Soviet foreign policy: liberalization in Poland, or a disengagement in Afghanistan, or perhaps a rapprochement with Japan or Germany. Nothing of the kind has taken place or is likely to happen. In Andropov's messages to West European leaders no new approaches were discernible, and the same seemed to be true with regard to consultations with the East Europeans.

Some new ideas on arms control were voiced and the gradual normalization in relations with China continued. But the new arms control ideas had been initiated by Andropov's predecessor, who had first suggested an SS-20 moratorium back in the spring of 1982; Brezhnev had also initiated the middle-level talks with China.

Lastly, there were the strange circumstances surrounding the shooting down of KAL 007: the handling of the whole affair gave rise to questions whether, and to what extent, the new Secretary General was truly in charge. There were dissonant voices from the Kremlin and these gave rise to speculation at home and abroad. And so the balance sheet of the first year of Andropov showed neither liberalism triumphant nor a resurgence of Stalinism; it showed, in fact, less movement than even the skeptics had assumed.

III

The only noticeable change during 1983 was a further worsening of U.S.-Soviet relations. Commenting on the "tremendous deterioration" in Soviet-American relations in April 1983, the Kremlin's veteran U.S. specialist, Georgi Arbatov, said that the situation was worse than at any time since the 1962 Cuban missile crisis. The same month *Pravda* dwelt upon the danger of a new cold war, of military hysteria, of whipping up an unprecedented arms race which increased the threat of war. Voices in the West also claimed that relations had reached an all-time low and that the cold war had come back.

There is no full unanimity on when exactly the cold war began and when it ended, but there is general agreement that during this period the media were full of vituperation, and the diplomats hardly talked to each other; the atmosphere, in brief, was quite bad. During détente, on the other hand, there were dialogues on all levels, summitry, many agreements, and much talk about common endeavors, bridge-building and generations of peace. Seen in retrospect, it could be argued that the present period is worse even than the cold war. Stalin, after all, never said that the U.S. President was a man uttering deliberate lies (as Andropov has done), and Truman and Eisenhower, unlike Reagan in 1981 and again in March 1983, kept a certain restraint in their public utterances about the Soviet leadership. At the end of 1983 all forms of communication were at an extraordinarily low ebb.

Such a breakdown in diplomacy is a serious business and atmospherics do matter. But these are not the only considerations; if the arms buildup is taken as a yardstick—and few will argue that it is of no relevance—it would appear that the cold war was not as dangerous, and détente not as constructive, as usually believed. Soviet arms budgets during the cold war and its aftermath (i.e., until about 1965) actually grew at a slower rate than during détente. Thus, between 1968 and 1977, Soviet military spending rose from $101 billion (in constant prices) to $130 billion—whereas U.S. military expenditures fell from $130 billion to $96 billion.[4] These two sets of figures are frequently ignored in juxtaposing the "cold war" and "détente"; unfortunately, they have a great deal to do with our present predicaments. Nor did the last five years of NATO and Warsaw Pact defense spending suggest "a mad race out of control"; rather, they showed a "steady advance by countries laboring under difficulties."[5] In brief, there is a discrepancy between the popular views and the realities of cold war and détente.

Soviet spokesmen ceased to mention détente (except as a historical memory) well before 1983, and the brink-of-war theme first appeared in 1981. But public expressions of skepticism about the Reagan Administration by no means implied that Soviet leaders

[4] *World Military Expenditures and Arms Trade 1971–1980*, Washington: U.S. Arms Control and Disarmament Agency, 1983.

[5] Robert O'Neill, Director of the International Institute for Strategic Studies, on the occasion of the publication of the *Military Balance 1983–84*, reported in *The Times* (London), September 30, 1983. New CIA reports in November 1983 suggested that the recent annual rise in the total cost of Soviet defense spending had been lower (at about two percent) than previously thought. The growth rate of Soviet military spending was still more than twice that of the United States, but the new figures suggested that Soviet planners were facing problems not unlike those confronting Western leaders. U.S. defense spending as a percentage of gross national product remained fairly consistently in the 5- to 6-percent range over the last 12 years; Western estimates of Soviet defense spending range from 12 to 18 percent of GNP and even higher.

were in principle unwilling to do business with the American President. True, Soviet commentators said that an improvement in relations with the United States was practically impossible while Reagan's people were "playing with fire" in the White House. But such pessimistic appraisals were usually followed by a postscript: while there was no room for illusions it would be wrong to postpone negotiations and to give up hope. Commentators in *Literaturnaya Gazeta* and on Radio Moscow said in mid-August that things had begun moving in Soviet-American relations, that they were "not as bad as they had been yesterday." U.S. export controls on oil and gas equipment had been relaxed and there were other straws in the wind: on August 25, a pact was signed in Moscow for the sale of 9–12 million tons of American grain to the Soviet Union in each of the next five years—a 50-percent increase over current levels. There were negotiations about opening a U.S. consulate in Kiev, and Washington considered a summit meeting in 1984.

But on September 1 the South Korean airliner was shot down with heavy loss of life, and the relations between the two superpowers took an immediate turn for the worse. Although he limited actual U.S. retaliation to token measures such as the closing of Aeroflot offices in the United States, President Reagan called the incident a "crime against humanity" and Secretary of State George Shultz said he could not see "any excuse whatsoever for this appalling act." It was assumed that the Soviet military command and perhaps also the civilian leadership had been aware of the fact that a civilian plane had mistakenly violated Soviet airspace, but had nevertheless given the order to shoot it down. But Washington overrated Soviet efficiency; it appeared several weeks later that Soviet air defense forces had been slow in discovering the 747, then lost it, and also might have mixed it up with a U.S. military surveillance plane which never entered Soviet airspace. Despite the Korean plane's distinctive silhouette, the Soviet pilots might not have been aware of its true identity to the very end.

Soviet explanations were slow, contradictory and mendacious, insisting that the Korean flight was carrying out a U.S. "intelligence mission." Even four weeks later Andropov said that it had been a "sophisticated provocation masterminded by the United States"—an example of extreme adventurism. He also said that the guilt was squarely upon the shoulders of those who had engaged in this provocation. Andropov left it open whether it had been a simple case of espionage or whether the plane had been sent with the intention to violate Soviet airspace, assuming that the unwitting

Soviets would destroy it, and that the incident could then be used by American propaganda to whip up more war hysteria.[6]

This official line, from which Soviet propaganda did not deviate, angered Americans even more than the deed itself. There was no willingness to apologize, to admit that a mistake might have been made. But such behavior was by no means unprecedented. Students of Russian history were reminded of the 1904 Dogger Bank affair, also known as the Hull Incident, in which Russian warships en route to fight in the Russo-Japanese War sank several British fishing boats in the North Sea, mistaking them for Japanese torpedo boats. Even 70 years after the event, Soviet accounts of the incident attribute the responsibility to "British provocation," though, from a Marxist-Leninist point of view, the Soviet government has no obligation to defend blunders committed by a pre-revolutionary admiral and compounded by the Tsarist government.[7]

In 1983 the Soviet leaders displayed even greater anger: they were treated by the Americans in a manner not befitting their status as a superpower and they would not stand for it. "Our nerves are strong and we do not base our politics on emotions," Andropov said, in his September 28 statement. But he also asserted that the "malicious attacks" on the Soviet Union had produced a natural feeling of indignation. Some of the anger was real, some was political calculation: Reagan's blunt, outspoken comments had frightened some Americans (and more people in Europe) and those who had conjured up 1914 already before the incident were now subject to even more painful visions of the apocalypse. The Soviet leaders drew the conclusion that if they reacted harshly, following one of Marx's favorite maxims—*à un corsaire, un corsaire et demi*—pressure on the American Administration at home and abroad would force Washington to mend its ways and be more conciliatory. To defy the storm of Western indignation seemed not only good psychology—it appeared a useful ploy in the war of nerves.

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[6] In the paragraph immediately preceding the "sophisticated provocation" statement, Andropov said that "even if someone had illusions as to the possible evolution for the better in the policy of the American Administration, the latest developments have dispelled them." Tass, September 28, 1983. This leaves open the question whether anyone in Moscow did have such illusions prior to the "American provocation." There were other indications that the statement had been hastily drafted. On one hand, it referred to an Administration "blinded by anti-Communism," but at the same time it alleged that the Administration used anti-communism as a "cover" to rule the destinies of the world—that, in other words, anti-communism was a tool, not a fundamental belief.

[7] The incident caused a great deal of anger in Britain, where some newspapers predicted British military retaliation. Elsewhere in Europe the sanity of the Russian commander was questioned; Japanese torpedo boats had never been seen in the North Sea, nor was it easily understood how a sailor could possibly mistake a small trawler for a torpedo boat. The Russians had quite obviously panicked, but while they agreed to go to a Court of Arbitration in Paris and indemnify the victims or their families, they did not really admit their guilt. According to Russian versions of the event, Japanese torpedo boats had been hiding among the hostile fishing boats; other Russian accounts maintained that the trawlers had opened fire on the Russian fleet. The conservative Russian daily, *Novoe Vremya*, announced that indisputable facts justified the action not only in Russian eyes but "in the eyes of every impartial observer."

IV

What were the main foreign policy issues facing the Soviet leadership in 1983 and which were the leading problems likely to remain on their agenda in 1984? In addition and often related to the central problem of dealing with Reagan, Brezhnev's legacy included a long list of difficult foreign policy issues—Afghanistan, Poland, China, the Middle East and, of course, Europe. Soviet foreign policy had focused increasingly on American plans to put new missiles in Europe. Brezhnev had been slow in replying to this NATO initiative, offering mainly to freeze the status quo, blocking American deployments while keeping the Soviet arsenal intact. Naturally, this was not attractive, and the negotiations stalled.

Andropov was immediately more active in employing the more traditional carrots and sticks: the carrot taking the form of repeated offers to scale down the number of Soviet missiles, the stick being repeated broad threats to take counteraction against both Europe and the U.S. mainland. In December 1982, Andropov mentioned the possibility of reducing Soviet SS-20s in Europe to the level of British and French missiles (162), and followed up later by offering to "liquidate" the remaining missiles, rather than transferring them to the Far East. By late 1983 the Soviets even seemed to hint at a willingness to set aside their concern over British and French missiles. But the hard core remained unaltered: to freeze out any American missiles, thereby defeating the United States in what had become a crucial test of will. This made it impossible for Western leaders to retreat.

U.S. suggestions following the November 1981 "zero option" proposal and the July 1982 "walk-in-the-woods" plan—the latter put forward on his own initiative by the U.S. negotiator, Paul Nitze, and not accepted by Washington—included an interim scheme proposed in March 1983 providing for equal numbers, and lastly the President's U.N. speech of September 26, 1983, offering a reduction in the numbers of both the Pershing and cruise missiles. All offers were turned down by Soviet spokesmen, claiming that there was no real American interest in reaching an arms control agreement but just an attempt to gain time until the medium-range missiles were deployed in Western Europe.

The Soviet leaders were, of course, aware of the growth of the peace movement in Europe and America and the increased pressure on Western leaders to make unilateral concessions. In these circumstances a compromise must have appeared at the very least premature. The risk in this gamble may not have appeared high, for even if the underlying calculation had been wrong, there still seemed to be time for a policy adjustment at a future date.

When the West German Bundestag voted approval of the first missiles in Germany in late November 1983, the Soviet leaders on November 23 carried out their threat to break off talks, and made it known that they would not return to the negotiating table repentant, as some Western leaders predicted. Their unalterable demand, their precondition for a renewal of the talks, remained a return to the *status quo ante*. Otherwise there would be countermeasures of a "very serious character, specific and effective," analogous to the new threat posed to the Soviet Union. Harsh, even threatening, letters were dispatched to Mrs. Margaret Thatcher, to Messrs. Helmut Kohl and Bettino Craxi (but not to President Reagan). If, since the initial deployment decision in 1979, the Western leaders had waited four years to match the Soviet strategic buildup, the Kremlin made clear that its response would be quick and formidable.

Soviet reactions failed to have an immediate impact and in some respects they were counterproductive. Those in the West who had argued that a major opportunity had been missed in Geneva, and that the danger of war had (as the Russians claimed) grown even further, felt even more alarmed after the breakdown. But most observers thought that sooner or later talks would be renewed, perhaps subsumed in the Strategic Arms Reduction Talks (START) or some new framework. (The distinction between strategic and theater weapons had in any case always been somewhat artificial.)

It was possible that the Soviet leaders had lost all interest in an agreement, having failed to attain their aim of decoupling NATO Europe from the United States, and would strengthen their sea-based missile potential closer to the American mainland. This was not a political response but a military threat, and not a qualitatively new threat at that. Was it not possible, judging on past performance, that the Soviet leaders would have continued strengthening their worldwide strategic potential in any case, quite irrespective of an agreement on Euromissiles? The Soviet reaction lacked credibility because it represented in its details no more than a dramatic actualization of decisions probably made a long time ago, or already being implemented.

The tenor of the statement threatening reprisal, published in Andropov's name on November 24, was certainly unfriendly; was it real anger or a charade or a mixture of both? Soviet policy vis-à-vis Western Europe had for a long time used threats and promises alike in an attempt to influence both leaders and public opinion. During the weeks prior to the West German elections in March 1983 this admixture had been particularly blatant. Would the threats become more pronounced now that Soviet foreign policy had failed to attain its objectives?

Such a strategy was likely to bear out those in the West who had argued all along that the ultimate Soviet objective in Europe was not friendly cooperation but political hegemony. Toughness made sense if one judged that public opinion in Western Europe was so much on edge as to compel the governments to make almost any concession to prevent Soviet displeasure. But such assumptions could by no means be taken for granted and the Soviet leaders were therefore unlikely to base their policy entirely on a strategy of intimidation.

The Soviets had suffered a defeat, but it was hardly a decisive defeat, as some Western commentators had argued. Overall, they had been on the political offensive, and seen in this wider perspective their failure to achieve their aims was no more than a temporary setback which did not preclude a renewed attempt at a later stage. On past occasions the Soviet leaders had found it possible to play off one major European government against another, or several of them against America, but the present constellation in Europe—Kohl, Mrs. Thatcher, Mitterrand and Craxi—was not auspicious for such a tactic. On the other hand, Soviet leaders could derive satisfaction from witnessing the break-up of the national consensus on defense in Britain and West Germany, with the main opposition parties opting for unilateralism. This did not open up any immediate possibilities for Soviet foreign policy, but it must have appeared as an encouraging trend in a long-term view.

To encourage such a trend was one reason why the Soviets also chose not to continue the talks on strategic weapons (START) or on conventional force reductions in Europe (MBFR). In December they simply declined to set dates for the resumption of either negotiation, linking their actions to the "new strategic situation" caused by the presence of the medium-range Pershing and cruise missiles. To continue would also have given ammunition to those in the West who saw the Soviets as bluffing.

The Soviets did, however, have some complaint on strategic matters and the START talks had not made much progress in any case. There had been an unnecessary ambiguity in the American approach. On one hand, the speeches about war-winning or at least "prevailing," on the other, statements such as President Reagan's unequivocal pledge "to seek and accept any equitable and verifiable agreement that stabilizes forces at a lower level." The Soviet approach, to be sure, had been at least equally ambiguous. On one hand, declarations were made that war had ceased to be an instrument of policy and that the expectation of victory in nuclear war was madness. But on the other hand it was also asserted that the objective possibilities for attaining victory existed even in nuclear war. Soviet leaders have complained about unrealistic American proposals for deep reductions which would compel them to rebuild their nuclear arsenal to be compatible with American specifications. And lastly, they have argued, probably correctly, that there has been a tendency in the United States to overrate Soviet strategic power.

The second area of increasing East-West conflict was the Middle East—always complicated by the independent and frequently unpredictable behavior of local actors. Brezhnev's last year had witnessed the defeat of Soviet arms and Soviet clients in Syria in the Lebanese war. Andropov had to choose between accepting this setback, or rebuilding Syria's military position. Of course, he chose the latter. Several thousand "experts" were stationed there, a large complex of anti-aircraft installations was deployed; if the new Soviet leadership was in an adventurous or angry mood this region remained as propitious as any for a test of strength, to teach the Israelis (and the Americans) a lesson and to regain some of the prestige that had been lost. At the very least, by staying put, the Syrians could effectively prevent an early settlement of the Lebanese civil war.

But as so often, a seemingly straightforward situation was complicated by variables such as Syrian President Hafez Assad's uncertain health, a possible struggle for his succession, the internecine war in the Palestine Liberation Organization, and the rapidly changing relations among the Arab countries. Andrei Gromyko lectured the Syrian foreign minister, Abd al-Halim Khaddam, on Arab unity. The Soviet Union supported Yassir Arafat and his loyalists, but the Soviets were unable or unwilling to provide decisive help to the PLO or even to restrain the Syrians who had built up and consistently backed the PLO rebels. A war against the "common enemy" of the Arabs might have appeared to some as an excellent cure for the internal divisions, but past experience had shown that it was quite likely to have unforeseen consequences. Furthermore, such a war could always escalate into something more than a regional conflict, a fact known not only to Syria and Israel, but also to their chief supporters, and therefore likely to act as a restraint.

In the war between Iran and Iraq, Moscow had first tilted toward Teheran, then become more neutral; toward the end of 1983 it tilted discernibly back toward Baghdad, partly perhaps because of the growing danger of an Iraqi collapse, and partly because the Khomeini regime—following its attack on the communist Tudeh Party—was considered more inimical to Soviet interests, and in view of the dynamics of militant Shi'ism, potentially more dangerous. Some Soviet arms shipments to Iraq resumed. For the time being, however, there seemed to be no need for the Soviet Union to come out in active support for one side, and the general line in Moscow was for a peaceful settlement.

While urging a settlement on the two warring parties, the Soviets were not amenable to the same advice in Afghanistan. There had been a flurry of speculation that Andropov might want to get out of the bog created by Brezhnev. The comings and goings of various mediators yielded no real change; despite reports of detailed agreements being drafted to provide assurances to the Soviets should they withdraw, the reality was that the war continued. There was, however, no massive increase in the Soviet counterinsurgency effort in Afghanistan. The Soviet assumption apparently was that in a war of attrition the rebels were bound to lose, provided not too many supplies would reach them from across the border—which meant maintaining pressure on Pakistan. The Soviet army had fought an unhurried ten-year war against the Basmachi in Central Asia early in its history and the lessons learned then were applied five decades later in neighboring Afghanistan.

Whatever the Soviet prospects in Afghanistan, one of the few tangible successes of 1983 for Moscow was in Indochina, where Vietnam moved somewhat further into the Soviet orbit. Vietnam was in need of greater economic assistance, and the closer relationship was also manifested in military and cultural ties; a high-level Soviet delegation headed by Gaidar Aliyev, the new star in the Politburo, visited Hanoi and was received with great honor. Not all Vietnamese leaders seemed enthusiastic about the closer links, but as long as their fences with China were not mended, resentment directed at excessive dependence on Moscow had to be suppressed. On the other hand, Soviet relations with Bangladesh deteriorated, and several Soviet diplomats were expelled.

As for China, Moscow continued the negotiations initiated by Brezhnev. The Chinese ostentatiously attended Brezhnev's funeral and were received by Andropov. But the reality of their differences persisted. The talks produced no breakthrough; both parties seemed to be playing to other audiences, including the United States. Various Chinese assured visiting Americans that no breakthrough would be likely, but the last round of talks between the two communist powers did note that "international" issues had been touched on, thus broadening the scope from the more intractable bilateral issues.

At year's end, Central America was the one remaining major focus of world tension, with the Soviet Union only indirectly involved. U.S. activities in the region were bitterly denounced—U.S. intervention in Grenada was compared to a "Nazi-like invasion." It is doubtful, to say the least, whether Soviet leaders were greatly shocked by the American action; privately, some indicated that they would have acted in the same way. Moral indignation was more manifest in some Western and neutral countries than in either the Soviet bloc or the Third World generally.

It has been traditional Soviet policy to move with caution in an area so remote, and on occasion there has been evidence that the Cubans have been warned against an excess of zeal. Basic policy remained, of course, to add as much as feasible to America's difficulties in the Western Hemisphere, notably by helping the ruling circles in Nicaragua to build up an effective dictatorship. But equally, warnings seem to have gone out to act with prudence and perhaps even some restraint, reminiscent of the advice given by Zhou Enlai to the Albanians in the 1960s that distant waters were not likely to quench a nearby conflagration. Hence, apparently, the slightly subdued Cuban attitudes and the Nicaraguan professions of goodwill to all mankind.

Closer to home, the Soviets had to deal with the Polish problem. Their tactic was to avoid dealing with it—allowing General Wojciech Jaruzelski to muddle through with occasional gestures of approval from Moscow, and occasional hints to crack down harder. In general the Soviets appeared to have calculated that the rest of Europe would accommodate to the new Polish regime, despite its odious behavior. Legitimacy seemed to be conferred by the visit of the Pope, which the regime handled without major incident. A gradual easing of sanctions and a relief from debt payments also suggested the West was accepting Jaruzelski.

But elsewhere in Eastern Europe apprehensions began to reappear in the wake of the collapse of the missile talks. Soviet plans to put new, shorter-range missiles in Czechoslovakia and East Germany produced some mutterings of concern in Prague and East

Berlin. The Romanians underscored their limited autonomy by criticizing both sides.

In both parts of Europe there was a new interest in the use of the January 1984 Stockholm Conference on European Disarmament to salvage something of East-West relations, but this would depend on the superpowers, and especially on the way they behaved in an American election year. Soviet commentators, on the other hand, expressed pessimistic views: given the general political climate, not much was to be expected of Stockholm despite the meeting of the foreign ministers of the two superpowers.

V

How did the Soviet leadership view U.S. policy in the third year of the Reagan Administration? According to what emerged from the comments of official, semi-official and unofficial Soviet sources, their arguments and conclusions were approximately as follows:[8]

—In 1969 President Nixon had for the first time admitted that there was a balance of power between the United States and the Soviet Union. Ever since, two tendencies had been competing in U.S. foreign policy. Those who stood for a relaxation of tensions had initially prevailed. But in the second half of the 1970s American imperialism had concluded that détente was somehow responsible, directly or indirectly, for the oil crisis, the economic crisis, the relative weakening of the United States vis-à-vis Europe, and also political changes in the Third World which had weakened America's overall position. Hence President Ford's dissociation from the very term détente in 1976, which was of more than symbolic importance.

—The Soviet leaders had not been happy about President Carter from the beginning, even though he had proclaimed that he wanted no confrontation with the Soviet Union. But his sweeping offers for arms control had been unrealistic in their eyes and his human rights policy was bound to lead him into confrontation, even if he did not realize it. His reaction after Afghanistan, the "totally false allegation" that this had represented a change in Soviet policy, caused a further deterioration.

—First Soviet attitudes toward Reagan were not altogether negative: historical experience had taught them that it was easier to deal with right-wing Republicans who believed in *realpolitik* than with well-meaning but unrealistic Democrats. But Reagan proved to be no Nixon. A "feverish arms buildup came under way to achieve military superiority," along with an "ideological crusade aiming at the destruction of socialism as a sociopolitical system." A steady stream of abuse was pouring out of Washington about communism as the "focus of evil in the modern world," a "bizarre chapter in human history," predicting that it would end "on the dust heap of history."

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[8] One important source of information on this subject was the June 1983 plenum of the Central Committee, which was devoted in part to discussing U.S. policy. The protocols of this meeting were, as usual, not published. But during the subsequent weeks and months there were a great many editorials in the Soviet press and articles by individual commentators referring to the deliberations and the decisions of the meeting, and a fairly clear picture emerged as a result.

The answer from Moscow in 1983 was a massive propaganda barrage; it referred to insane warmongers, adventurists, cowboy tactics, ignoramuses who had not the faintest idea about the realities of world affairs, and so on. Soviet military leaders noted that the arms race had grown to an "incredible size" and they dwelt on the danger that the White House was pushing the world to the brink of nuclear war. This theme was first used by Marshal Nikolai Ogarkov, taken up by Dmitri Ustinov, the defense minister, and also by Brezhnev in his address to the Soviet military leadership just before his death.

It was continued by Andropov, and again by Ogarkov in an *Izvestia* article in September 1983. Those in charge of Soviet propaganda were equally concerned by the "unprecedented ideological crusade, the new psychological warfare" represented by the Reagan Administration's 1982 initiative on "public diplomacy," Presidential Directive 77. The Soviets saw in that document a "wave of slander and calumny," which was said to be part of an all-out subversive propaganda offensive. Many billions of dollars were allegedly spent for the U.S. media, not just to unleash psychological warfare but, as Zagladin asserted in *Literaturnaya Gazeta,* to coordinate and direct "centers of counterrevolutionary forces." Lieutenant General Professor Volkogonov[9] made it known on Moscow television in early July that the CIA had been built up to a strength of 150,000 employees, not to mention such organizations as Professor Marshall Shulman's Russian Institute at Columbia University and Amnesty International, which were also conducting subversive activities against the Soviet Union.

Zagladin, the deputy head of the Central Committee's foreign affairs department, found a quasi-Marxist, quasi-geopolitical explanation, namely a shift in the internal American balance of power from "Easterners" to "Westerners." Both Easterners and Westerners wanted to save capitalism, but those from the Eastern seaboard were willing to compromise with the Soviet Union, whereas the Westerners, representing the arms industry, stood for an arms race. (Zagladin's theory did not provide an answer to the question why the "Westerners" had suddenly gained in strength; the fact that President Richard Nixon had also been a "Westerner" did not fit either.) As a result of this shift there was the danger of "uncontrollable and unpredictable developments on the international scene." But while there was cause for alarm there was, as Zagladin saw it, no reason for despair. There were objective limits beyond which the American efforts could not go—because of the economic situation in the United States on one hand and public opinion on the other, the peace movement in the United States and in Europe, and the growing dissent among America's European allies. Furthermore, while Reagan had unleashed a campaign of chauvinism and nationalism in the United States, this could not drag on forever. To enhance his chances for reelection Reagan had to engage in a balancing act; he had to stress his peaceful intentions, if only to avoid frightening his fellow countrymen.

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[9] Soviet titles these days seem to take a leaf from Thomas Mann's books, e.g., "General Professor von Staat."

Thus, as the Soviets saw it, the situation was likely to remain unstable at the very least up to the next elections. Soviet commentators have now joined the camp of those who complain about the vagaries and the immobilism of the American political system. "For the first eighteen months," Zagladin asserted, "a new president is all at sea."

Some of the interpretations were for obvious propagandistic use. But it was also true that unnecessary complications had been caused in U.S.-Soviet relations as the result of exaggeration in American political language and of bombast. There had been too much loose talk in 1981–82 about war-winning capacities, which had frightened America's allies much more than her enemies. President Reagan's speech to the evangelicals in March 1983 and the subsequent "Star Wars" speech, advocating intensified research toward a space-based anti-missile defense system, probably caused added dismay in Moscow. Furthermore, Soviet leaders have been upset by the lack of decorum, as they see it, on the part of the President and some other leading officials. This concerns not so much what has been said as the personality of the speakers. Soviet authors and speakers have referred since time immemorial to the evil character of capitalism and Western style democracies; they also invented the "dust heap of history." There is something comic in their sudden indignation about being addressed in their own language.

But the Russians are great believers in diplomatic propriety and this involves a clear division of labor. Rank-and-file journalists could compare the American President with Hitler ("Think about Nuremberg," Sakhnin in *Literaturnaya Gazeta*, October 5, 1983), or at least designate him "the Fuhrer's heir" (*Krasnaya Zvezda*), call him a bandit (*Izvestia*), a liar and murderer (Borvik on Moscow Television), the world's foremost terrorist (Novosti), a troglodyte (Bogdanov in *Komsomolskaua Pravda*), a rank hypocrite (Kornilov in Tass).[10] On a higher hierarchical level Zagladin, Arbatov and Leonid Zamyatin, chief spokesmen on foreign policy, preferred irony to the grosser insults used for mass consumption. They complained, more in sorrow than in anger, about the abysmal lack of political sophistication in Washington, about the primitive intellectual level of the movie actor, the stock-market dealers and the provincial lawyer (this was before Judge William Clark's transfer) who were now the top foreign policy decision-makers.

However, the First Secretary of the Party and Chief of State, or the Foreign Minister, will not transgress certain borders of behavior, just as in the olden days the Soviet Foreign Ministry would seldom engage in open propaganda, which was the preserve of the Comintern. (Nikita Khrushchev's unorthodox behavior was condoned in Washington but not by his peers in Moscow.) This may be dismissed as mere hypocrisy, but there is, in fact, some wisdom in the Soviet approach. For at the end of the day, the heads of the two most powerful states will have to be in contact from time to time because of the one overriding interest they have in common—survival. They will almost certainly face crises in the years to come, and the search for a peaceful solution will be easier if certain rules of outward politeness are adhered to.

To what extent have the Soviet leaders been able to reach a more or less realistic appraisal of the Reagan Administration? Soviet understanding of the American political process is now more sophisticated than 20 or 30 years ago, but the Soviet leadership still frequently fails to understand the underlying motives of America's foreign policy, the contradictory forces at work, the frequent and far-reaching changes. Soviet spokesmen have complained, and not always without reason, about the "irrational" character of U.S. foreign policy. A great deal of mischief has been caused by invoking in vain Churchill's dictum about the Soviet Union being a riddle wrapped in a mystery inside an enigma. For, in truth, Soviet policy is infinitely more consistent and predictable than American policy, not because of its "scientific" base but because of its innately conservative, unchanging character. This is what makes it so difficult for Soviet leaders to understand the recent American Administrations and, generally speaking, a system so different from their own.

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[10] Of the cold war vocabulary, only "poisoner" has not been used so far.

Sometimes their comments are not meant to be taken too seriously; Soviet American experts surely know that billions of dollars are *not* spent on U.S. foreign propaganda but that the U.S. Information Agency and other such institutions—having to fight for every million—have every reason to be envious of the budgets of their Soviet counterparts. They know that U.S. media are as often critical of U.S. foreign policy as they are supportive, that the CIA does not have 150,000 employees and that the "Anti-Socialist International" (which has recently figured prominently in Soviet media) is a figment of imagination. These are obvious exercises in propaganda, but even a study of the specialized Soviet literature on international affairs and American politics not scheduled for a wider public and hence not suspect of an openly propagandistic character quite frequently reveals profound ignorance or basic misunderstanding.[11]

This is now history and the main issues involved are no longer in dispute. But a related question still persists: Does the Soviet leadership feel as insecure as some observers claim, when criticizing American attempts to reduce the Soviet advantage in land-based missiles? Or, as others maintain, are the protestations of fear a mere smokescreen for an aggressive strategy now that the Soviet Union for the first time feels stronger than its enemies? Do they aim at superiority? And how do they define parity? Whatever the weaknesses of Soviet leaders, fear and excessive nervousness are not traditionally among them. It is now generally accepted in the West that the Soviet military buildup has gone for years beyond reasonable needs connected with the defense of the Soviet homeland and the Soviet bloc, or acceptance as an equal.

Soviet military doctrine, following its Tsarist predecessors, has always emphasized quantitative superiority because of the suspicion of qualitative inferiority. This was Stalin's prescription for Soviet heavy industry and it still persists in most fields of Soviet life. It is also true that according to Soviet doctrine Russia has to be stronger than all its neighbors and potential enemies taken together. General

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[11] This also refers to the understanding of background and tradition. A recent study published by I.B. Ponomareva (Foreign Affairs Publishing House, Moscow, 1983) on the theory and practice of the American policy of balance of power says that the fundaments of this U.S. theory were created by Arthur Schopenhauer, Henri Bergson, Eduard von Hartmann and Friedrich Nietzsche. Schopenhauer indeed!

Samuel Wilson, a former head of the Defense Intelligence Agency who also served in Moscow, once noted that the Soviet leaders would not feel comfortable unless they had a ratio in strength of seven or eight to one "and they might relax if it were fifteen to one."[12] These, of course, are fantasies; how is one to achieve a total absence of danger in the nuclear age?

The concentration on questions of parity and superiority in the West has been unhelpful. The Soviet claim that there is at present rough parity is probably correct, and even if it were not, it is not at all clear whether Soviet superiority in the nuclear field would have any decisive effect. The real problem is that from the early postwar days there has been a fundamental asymmetry, in view of the Soviet superiority in the field of conventional arms. This was balanced up to the 1970s by American superiority in nuclear arms. Once the Soviet Union had achieved parity in strategic weapons as the result of America's failure to modernize and thus keep a qualitative edge, and as a result of Western inability to match the Soviet conventional buildup, Moscow had, in fact, gained an important advantage. The overall balance of power had been upset.

This involved the Soviet Union in delicate maneuvering. On one hand, the desire to be stronger than all other powers was perfectly legitimate from the Soviet point of view. It is one of the fundamental tenets of Leninism that imperialism generates war and that peace will not be assured as long as the power of imperialism is unbroken. On the other hand, it must not become known for the time being that the Soviet Union was trying to achieve overall superiority.

The dilemma was not new. Veljko Micunovic, Yugoslavian ambassador to Moscow, wrote in his diary on December 16, 1957, that the Soviet party presidium decided to put a stop to the "exaggerated propaganda" about Soviet strength and technical superiority in the field of armaments following Sputnik I, for it was "beginning to have the reverse effect from what they wanted to achieve."[13]

Real Soviet security can be achieved only if their overall military power is greater than that of all other potential enemies combined, which, of course, means insecurity for the countries outside the Warsaw bloc. There is a way out of the dilemma, at least in theory, as seen from the West: the restoration of the balance of power through the maintenance of parity in the strategic nuclear field at agreed levels, preferably much lower than at present, and the buildup of Western conventional forces to the Soviet level. But NATO countries have not been able and willing to make the effort in conventional defense, which may not be as impossibly great as often believed.

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[12] I owe this reference to a recent study by Joseph G. Whelan, "Andropov and Reagan as Negotiators," Washington: Congressional Reference Service, June 1983, p. 11.

[13] V. Micunovic, *Moscow Diary*, New York: Doubleday, 1980, p. 327. The author added that the Soviet leaders had reached the conclusion that this situation (Soviet superiority) could be quickly changed by means of vastly increased American investments aimed at catching up as soon as possible and depriving the Soviet Union of the monopoly it enjoyed for the moment.

For this reason there is no real solution in sight for the dilemma facing East and West alike. One alternative is that of the unilateral disarmers, invoking social psychology: as they see it, it is all a matter of perception, of exaggerated fear, of the inner demons driving us. The modern Coués regard the threat as a figment of a sick imagination; some Germans have already created a new term for this kind of autosuggestion: *Entfeindung.*[14] One day perhaps the concept will be accepted by the Soviet leaders too. But for the time being they seem to believe that Stalin was right when in a famous interview he told H.G. Wells: "You, Mr. Wells, apparently assume that all people are good. But I don't forget that many are evil. . . ."

VI

Looking back on the events which led to the deterioration in U.S.-Soviet relations, there is on one hand the temptation to assume that everything happened because it was bound to happen, and on the other the assumption that everything would have proceeded quite differently if only great opportunities had not been missed. A case could be made in retrospect that the game was not worth the candle as far as the stationing of the Pershing II and the cruise missiles was concerned: that, in other words, the political price that had to be paid in terms of European good will was too high. The Soviet leaders would no doubt have made friendlier noises vis-à-vis Washington if NATO had not decided to counter the deployment of the SS-20s. Likewise, a case can be made in retrospect against the U.S. embargo on grain shipments to the U.S.S.R. following the 1979 Soviet invasion of Afghanistan, and against the pipeline sanctions announced after the 1981 imposition of martial law in Poland. Those policies were, in any case, ineffective.

Perhaps relations between Moscow and Washington would be better now if trade had been enlarged, loans extended, and no discriminatory policies followed with regard to the export of high-technology products of marginal military significance. The story of the handling of U.S. grain exports certainly is not a shining example of consistency or farsightedness. And an excellent case can be made that President Reagan should have left his more outspoken remarks about the Soviet Union and its communist regime to his chief aides, even in cases of great anger and provocation such as the shooting down of the Korean airliner. One could point to other sins of commission and omission, and it is clear that, but for these, exchanges would have been more civil in character, less charged with emotion, and the diplomats would have met and discussed the world situation and other topics of mutual interest.

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[14] Ulrich Schmidhaeuser, *Entfeindung,* Stuttgart, 1983.

But would the basic differences between the two superpowers have disappeared? Hardly, for as the French diplomat Jean Laloy again recently reminded us, the Soviet leaders do not see their country as a power like others, and American ties with the Soviet Union are therefore likely to be different from our relationships with other countries. (Whether, or to what extent, the Soviet Union is actually different is yet another question.) True, the messianic impulses of world communism were exhausted decades ago. An abridged version of Marxism-Leninism prevails today with a strong admixture of Russian nationalism. In communist strategy in the West, the fight for peace (another post-Marxist proposition) increasingly takes the place of the revolutionary class struggle. But if the missionary ardor has vanished, the ecumenical ambitions persist, and the Soviet Union has not become a status quo power. The state-of-siege system is still needed to provide legitimacy for the ruling stratum.

True, a conservative power will think twice before engaging in adventures, and unlike Fascism there is no expansionist automatism. But then Tsarism too, despite all its internal difficulties and innate conservative character, did not give up its aspirations to rule the Turkish straits or its pan-Slavic ambitions. Despite all the wisdom and caution that allegedly comes with age, the Soviet leaders make the most of opportunities arising on the world stage, and this includes giving a little push to history now and again.

If, for argument's sake, there had been no deployment of Euromissiles, or if the protests about Poland, Afghanistan and the Korean airliner had been muted, expressing sorrow rather than anger, a deterioration in the relations between the two superpowers would have been prevented. But for how long? Sooner or later America would have taken some measures to match the Soviet arms buildup, and there is no certainty that Poland, Afghanistan and the shooting of the KAL flight were the last incidents of their kind.

There can be no doubt that the Soviet Union wants to avert world war. But it is equally true that the Soviet leaders still believe that the antagonism between the two world systems is irreconcilable and cannot be removed by any amount of good will and cooperation. This problem would not disappear even if the Soviets were to face a more amenable U.S. president than Mr. Reagan. Events since World War II have taught them that even communist countries cannot be trusted unless they are under direct Soviet control. Seen in this light, even a communist North America would be a formidable antagonist from the Soviet point of view—perhaps even a more dangerous one. Economically powerful, it would not be subject to the foreign policy restraints from which a democracy suffers. All of which is to say that the conflict between the two countries will continue in the foreseeable future. The problem is not whether it can be solved but how to assuage and defuse it.

It has been eloquently argued by some Western commentators that a lasting improvement in Soviet-American relations will come only if we cease to demonize the Soviet people and their leaders, only if the wicked comparisons with Nazi Germany are made no longer, only if it is realized that Russians and Americans need each other. Such admonitions are not new. Around the turn of the century, Archibald Coolidge, who later became the first editor of *Foreign Affairs*, observed that many Americans considered the Russians "mysterious, nay almost devilish people."[15] This referred, however, not so much to genuine Russophobia as to the strong aversion among the American people to Tsarist tyranny. Alternatively, in our days, ideological blinkers and blind anti-communist fanaticism have been blamed for the sad state of affairs in Soviet-American relations. But the fact that China, Yugoslavia and Romania are also communist has not affected normal U.S. relations with these countries. Clearly, one ought to look for an explanation in another direction.

It is certainly worth repeating that the Russians are a great people, that their character, like their country, is shaped by extremes of feeling, that they have many admirable qualities—great humanity, a yearning for the absolute, the *shirokaya natura*, disdain for form (and formality), warmth and charity, idealism and a willingness to sacrifice, a capacity for suffering. It is difficult to think of more attractive human beings than the heroes of the great Russian writers; these are not the kind of people morally corrupted by centuries of Tartar rule and Muscovite serfdom. It is impossible to think of more vital and spontaneous people than some of those who made the golden age of Russia's intellectual life so interesting. Russians have been among the world's greatest liars, but in no other country could one find the same fanatical, even self-destructive search for honesty and truth. Not in key political positions, to be sure. The saintly qualities of some of Dostoevski's and Tolstoi's heroes would probably not qualify them for service in the top echelons of the KGB. Russians have been the most consistent atheists and the most exalted mystics, the most revolutionary fighters and the greatest reactionaries; they have praised the mission of their people in the most fulsome manner, but they have also been the most relentless critics of the failures of their people.

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[15] Robert F. Byrnes, *Awakening American Education to the World: The Role of Archibald Cary Coolidge, 1866–1928*, Notre Dame and London: University of Notre Dame Press, 1982, p. 69.

Back in the 1850s, Alexander Herzen wrote that one more century of the present despotism would destroy all the good qualities of the Russian people. The despotisms in various intensities have continued and they were bound to have a certain effect on the character of the people. But centuries of autocratic rule have also taught the Russians great patience and a good deal of dissimulation. There have been changes, but who can fathom the depths of the Russian soul and say with any assurance how deep they go?

The problem is not de-humanization; Lenin and Stalin were human, so were the extroverts Khrushchev and Brezhnev, and with all his diffidence and aloofness Andropov is no less human than other contemporary statesmen. The problem is not the Russian people but the fundamental hostility of the regime towards other systems of government. The Soviet system is not "evil" in the sense that it lacks a moral source; originally it was perhaps more highly motivated by morality than any other. Lenin was not (as Berdyayev wrote) a vicious man, nor were, with one exception, his successors. They only lost—were bound to lose given their aims and ambitions—the immediate sense of the difference between good and evil.

The internal state of affairs of the Soviet Union is not America's concern, nor the personal qualities of Soviet leaders, but rather the ambitions of the regime, its suspicions and its hostility towards other forms of political organization. Determination, as George Kennan has rightly pointed out, is not relentless and the thirst for power not unquenchable. Soviet ambitions are in some ways quite modest; Soviet leaders only want to be number one, and have never made a secret of the fact. And some in the West are suggesting that one should accommodate them. It would make them feel more secure, but would be, in fact, quite meaningless.

Ambitions and hostility are not constant factors in the life of nations. They tend to diminish in the course of time, and the Soviet Union is no exception. One day genuine collaboration may be possible; until then the West should not lead the Soviet leadership into temptation by showing weakness or conversely by creating panic among them through lack of caution. But it would also do no harm if the President of the United States and some of his chief aides would find an occasional word of praise for the great and talented Russian people, and, of course, also for the other peoples of the Soviet Union. Nationalism in the Soviet Union is certainly not on the decline and it may be useful to remind them and us from time to time that we have no quarrel with the Russian people.

VII

The prospect for a radical improvement in relations in the near future is nonexistent. But both superpowers still want to avert direct military conflict and both will do their utmost to refrain from actions that could lead in this direction. True, the arms control negotiations have come to a halt, but there had not been much progress anyway; the talks on Mutual and Balanced Force Reductions in Vienna had been stalled for more than ten years. This does not necessarily mean that a new phase in the arms race is under way. The Soviet leaders are unlikely to engage in new major ventures from which they would have otherwise refrained. Equally, there are obvious economic limits to any U.S. military buildup.

The Soviet leaders seem to have accepted that there will be no return to détente (as they interpret it) as long as the present balance of power exists and as long as America has not given up her interest in many parts of the globe. A negative policy entails certain dangers. Seen in retrospect, Soviet foreign policy has traditionally been more successful when it smiled (the Popular Front period, wartime collaboration, détente) than when it scowled (the "third period," the cold war). But the Soviet Union is now stronger and what was true in the past may now no longer apply. Furthermore, a harsh line has its compensation at home: a state-of-siege mentality makes it easier to indoctrinate the population and to impose discipline, whereas détente always creates problems on the domestic front.

Such a Soviet strategy has to be based on a mixture of threats and promises. Too much bluster may be counterproductive; the strategy has to be carefully attuned to the mood in the country concerned. The promise of a little German unity may be dangled in front of the Bonn government. Pressure will be brought on the Danes and Norwegians and there will be various threats against the other European NATO members. If this policy should work, resulting in growing NATO disunity, there will be little inducement for the Soviet leaders to return to the negotiating table in the near future. If it should fail to have a significant effect, they will easily find ways and means (and a new label) to renew the arms talks after a decent interval—in Lausanne, if need be, rather than in Geneva.

There is one major uncertainty in this equation: unless there is a strong hand in the Politburo and the Supreme Defense Council, nothing much is likely to happen in Moscow. There will be decisions by default, wait-and-see decisions, but not initiatives which involve risks or constitute a change from past policies. In Andropov's continued absence or during yet another transitional period it would be wise to expect more of the same from Moscow quite irrespective of what the West is doing.

It was recently noted (by Georgi Arbatov) that the Reagan Administration will not last forever—a statement that cannot have come as a surprise to Soviet readers familiar with the American Constitution. There are no similar provisions in the Soviet Constitution. But the laws of biology also apply in Moscow; like King Lear, most of the members of the Politburo have seen the best of their time. A change, probably more extensive than last time, seems a virtual certainty. Such a change does not, however, necessarily imply—as some Western observers tend to believe—a more liberal turn. It may lead to something akin to pluralism; in a transitional period with various contenders jockeying for power (or trying to consolidate power) the army and the KGB may play a greater role in policy making than they would normally have. For all one knows, such changes have, in effect, already taken place.

But, on the whole, continuity will be preserved in Soviet policies. Soviet communism today is more sophisticated than under Stalin; the paranoia and the cult of the individual have gone to a large extent. But the basic political structures created under Lenin and Stalin still exist and will not vanish in the near future. One day, no doubt, they too will give way to something else, but not in this decade, probably not even in this century. Nor has the fundamental Soviet belief disappeared that "in our time one does not count with the weak, one counts only with the strong."[16]

A change of guard may imply different priorities and preoccupations, but it will not alter the underlying realities that any Soviet leaders must face. The two superpowers will not come to love each other more dearly, but they have to avert war and in any case they confront a great many problems at home and abroad which have little or nothing to do with U.S.-Soviet relations. This, if not other circumstances, will help to deflect them from a collision. If détente is not in the cards, normalization seems, in the long run, almost a certainty.

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[16] Stalin's speech at the 17th Party Congress, January 1934, reproduced in *Sochineniia*, Vol. 13, pp. 299 et seq.

Normalization could mean, for instance, the establishment of a U.S.-Soviet Risk Control Center such as recently suggested by Senators Sam Nunn and John Warner, an urgent and important task. There is room for other Western initiatives and a dialogue—tough and specific with the Stalinist generation (as James Billington has written), general and generous with those coming after it. If Stalin taught his party that only power counts in the final analysis, he also taught it to proceed in foreign policy with utmost caution and prudence. Hence the necessity to renew negotiations with the West once the last echoes of the stage thunder have faded away and the struggle for the succession has been decided.

The preconditions exist for peaceful coexistence between the two superpowers—a coexistence free of illusions, based on an awareness of common as well as opposed interests. This is not a very satisfactory perspective; it is far from the dreams of détente of yesteryear. But at the present time it is the only perspective not based on self-deception, the only one to ensure a more normal relationship.

Strobe Talbott

BUILDUP AND BREAKDOWN

For the Reagan Administration, 1983 was to be "the year of the missile." It was to be the moment of truth in the American effort to introduce new intermediate-range weapons into Western Europe and to "modernize" the U.S. strategic arsenal, primarily with the development of the MX intercontinental missile. Until this buildup in defenses was well under way, nuclear arms control would be a matter of keeping up appearances, of limiting damage, of buying time, and of laying the ground for possible agreement later.

Perhaps an agreement might be reached in 1984. By then, it was anticipated, the United States would be able to negotiate from strength. The Soviet Union would be impressed by the resolve of the U.S. leadership and by the solidarity of the Western Alliance. An American presidential campaign would have begun. Ronald Reagan would be a strong candidate for reelection, but he would also be under political pressure to prove himself a statesman and a peacemaker. Calculating that they could get a better deal before the election than after, the rulers in the Kremlin would move to an agreement early in 1984. Reagan would get an arms-control accord that met his high standards; he would vindicate the tough line he had been following throughout his term; and he would outflank the Democrats on the war-and-peace issue. The year of the missile would have paved the way for the year of the summit.

That was the Administration's hope and its timetable well into 1983. Events, however, followed quite a different course. By the end of the year, the Soviet Union had suspended its participation in all the principal arms negotiations. For the first time since early 1969, arms control was, at least temporarily, shut down across the board. While the United States had succeeded in stationing a few of its new weapons in Britain and West Germany, the issue of whether they should be there and whether others should follow was as divisive as ever, both within those countries and within the Alliance as a whole; and while the Administration had beaten back a number of congressional challenges to its strategic modernization

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program, support for the MX was still extremely shaky. In response to the American deployments, the U.S.S.R. escalated its side of the military competition, complicating the arms race and arms control alike.

Instead of the hoped-for breakthrough, diplomacy between the superpowers seemed on the verge of a breakdown.

II

Ronald Reagan entered office with a deep-seated distaste for arms control as it had been conducted in the past. His inclination was summed up succinctly by his counselor, Edwin Meese, early in 1981: arms control should be subject to "benign neglect" while the United States went about the business of rearming. That distaste and that inclination, however, were not shared by the majority of the Administration's partners in government on Capitol Hill, nor by America's allies in Europe. Reagan and his advisers realized that in parallel with the enhancement of Western defenses, they would have to continue the pursuit of agreements with the Soviet Union.

But what kind of agreements? From the outset the Administration was divided within its own ranks over ends and means in arms control, and these divisions were never clearly resolved. The President and his National Security Council knew they wanted to pursue a more ambitious program than their predecessors', with more stringent consequences for the Soviet Union. But, as they sought to practice the art of the possible, they were less certain of what they would settle for, and their instincts differed.

Drift and disagreement persisted at the highest level of the government, and a fractious bureaucracy was dominated by second-echelon officials who fought and refought battles over issues that impeded coherent policymaking. These ranged from highly technical questions to highly ideological ones, such as whether the United States ought to be seeking any accommodation whatsoever with an aggressive, deceitful, tyrannical adversary.

In 1983, the Reagan Administration found itself hard up against three facts of life. One was the U.S. government's need to negotiate with itself and with its allies simultaneously as it negotiated with the U.S.S.R. Another was the need for a certain degree of civility in the overall relationship between the superpowers if their diplomats were to have any chance of engaging each other usefully. A third fact of life was that any Administration must be perceived to be reconciling defense with diplomacy—preparedness for war with the search for peace. It must achieve, or at least seem genuinely committed to achieving, a synthesis in what one participant in the debate called "the dialectic of hope and fear" that drives the quest for national security.[1] Without such a synthesis, a dovish Administration is almost sure to find its arms-control policies in political jeopardy, while a hawkish one will discover its military programs in trouble both on the home front and on what should be the friendly territory of the Alliance.

All three of these challenges had confronted earlier American leaderships, but never before had they loomed so large, or seemed so obstructive, as they did in 1983.

Arms control has always been a multilayered, often multilateral exercise. While the focus of public attention has usually been on the familiar scene of Soviet and American negotiators sitting across from each other at green-felt-covered tables in Helsinki, Vienna or Geneva, their work has depended on other encounters, other bargaining sessions, other compromises in Washington and the capitals of Western Europe. But in 1983, the politics of arms control overwhelmed diplomacy.

In two sets of negotiations—those on intermediate-range nuclear forces (INF)[2] and the Strategic Arms Reduction Talks (START)—political pressures caused the United States to alter its position. In INF, the Administration finally dropped an unrealistic opening proposal and made some tentative moves toward compromise in order to shore up the allies' willingness to accept new missiles. In START, it amended its opening proposal in order to demonstrate the realism and flexibility that Congress was demanding in exchange for continued funding of the MX. In the middle of 1983, some key officials of the State Department and White House were tantalized by the possibility of an agreement and a summit the following year, when it would do the President and the Republican Party the most good; they began making plans, and modifying negotiating strategy accordingly.

But these politically motivated adjustments did not begin to close the gap that separated the Soviet and American positions in Geneva. The military dimension of the Soviet-American relationship was allowed to eclipse whatever opportunities there might have been for genuine negotiation. Even as it looked over its shoulder at Congress and the allies, or ahead to 1984, the Administration's driving preoccupation was to get the new missiles past the "peace camps" and protesters in Europe and the MX past its opponents on Capitol Hill. It would worry later about how to make progress with the Soviets.

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[1] The phrase and an excellent reflection on its meaning and its practical application are found in Alton Frye's "Strategic Build-Down: A Context for Restraint," *Foreign Affairs*, Fall 1983, pp. 293–317.

[2] The designation INF was introduced during the Reagan Administration; earlier the accepted term in the West had been Theater Nuclear Forces, or TNF. The Soviets had their own term: medium-range nuclear forces in Europe. For the sake of simplicity, INF is used throughout this article, both for the weapons and the negotiations.

There was nothing new—and, some would say, nothing wrong—with subordinating arms control to the imperative of keeping up with the Soviets in the arms race. When it came to a crunch between the ideals of disarmament and the demands of rearmament, the Administrations of Richard Nixon, Gerald Ford and Jimmy Carter all gave priority to the nation's military requirements. From the multiple independently targetable re-entry vehicle (MIRV) to the cruise missile, few American innovations in nuclear weaponry have been sacrificed on the altar of arms control. Indeed, conservative and liberal critics alike have long complained that the record of arms control has left us with too many arms and too little control, while many advocates of the enterprise have replied that arms control, in its most realistic and prudent form, complements and enhances national security.

But the Reagan Administration seemed, in deeds if not in words, skeptical about even that minimalist rationale for arms control. It conveyed to domestic constituents and foreign allies alike (not to mention to the Soviets) the impression that it considered arms control a holding action if not a diversionary tactic.

Also, it was the first U.S. leadership ever to make a negative net assessment of the overall military balance the starting point of its approach to the bargaining table; it was the first to insist on reaching the bottom line of an agreement by a process of American addition and Soviet subtraction. In both INF and START, it was operating from the assumption that the Soviet Union enjoyed significant, potentially decisive military advantages. This view fortified the conviction that the United States must apply unilateral military remedies before bilateral negotiated ones would be possible or even desirable. For the United States and the West, building up was a matter of catching up, and the U.S.S.R. must stand still in the meantime. Either that, or it must accept the premise that it had sinned against parity and do penance by building down to a level that the United States recognized as equality.

The U.S.S.R. quite simply refused to negotiate on that basis. To be sure, there were disparities favoring the U.S.S.R. in both categories of weaponry, intermediate-range and strategic. But only very late in 1983 did the Reagan Administration begin to revise its assessment of the military balance so as to incorporate the concept of offsetting asymmetries—American advantages that might be traded off against Soviet ones.

Then there was linkage. Again, it was not a new concept, or a new fact of life. From the invasion of Czechoslovakia in August 1968, which impeded the opening of the Strategic Arms Limitation Talks (SALT), to the invasion of Afghanistan in December 1979, which prevented the ratification of the SALT II treaty, arms control had always been vulnerable to fallout from Soviet misbehavior. Initially, the Reagan Administration had vowed to make an improvement in Soviet-American relations conditional on an improvement in Soviet behavior in the Third World. It later abandoned that goal as a mechanistic principle of policy, but atmospheric linkage remained, and the atmosphere of Soviet-American relations went from sour to poisonous in late 1983.

Even if other circumstances had been more auspicious and American management had been more sure-handed, it would have been difficult for arms control to advance in a year marked by mutual vituperation at the highest levels, with the President calling the U.S.S.R. an "evil empire" and Soviet spokesmen calling him and his advisers "nuclear maniacs." There was also the escalation of the avowedly anti-Soviet U.S. military campaign in Central America and the Caribbean; the rise in tensions in the Middle East, where U.S. Marines and Soviet military advisers were only a few miles apart; by the Soviet downing of a Korean airliner; and by Yuri Andropov's extraordinary declaration, on September 28, that he and his comrades had given up on being able to do business with this particular American leadership.

III

In the INF, the Administration had inherited a dilemma from its predecessors: how to induce five members of the North Atlantic Treaty Organization (NATO) to accept new weapons while simultaneously trying to induce the Soviet Union to accept significant reductions in its existing forces, particularly the SS-20 mobile, MIRVed ballistic missile that threatened Western Europe.[3] NATO's so-called dual-track decision of December 1979—negotiating while preparing to deploy—put the United States at a multiple disadvantage. The American weapons on the bargaining table were still under development, while the Soviet ones were already in place. The American policymakers had to take account of the evolving, and sometimes conflicting, wishes of their allies, while the Kremlin had no similar concern.

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[3] The five NATO members due to receive new American weapons were Britain, West Germany, Italy, Belgium and the Netherlands.

The 572 Pershing II ballistic missiles and Tomahawk ground-launched cruise missiles (GLCMs) were intended largely as political symbols. There was no vital military mission for them that could not be performed by other weapons already committed to NATO. Because they were based on the ground in Europe, they were supposed to provide tangible evidence of the credibility of the U.S. promise to treat an attack on its allies as an attack on the United States itself and to be able to retaliate from Europe with American nuclear weapons against the Soviet homeland.

But the symbolism backfired. To many West Europeans, the new missiles looked not so much like safeguards of peace as the means whereby the United States could fight a limited nuclear war—in defense of Europe, perhaps, but also confined to Europe.

The deadline for deployment by December 1983 was intended to put pressure on the Soviets to come to an agreement, but it had the effect of putting even more pressure on the United States and its allies. There were already cracks in Western resolve in 1979–1980, and these were sure to grow as the deadline drew nearer. The situation was a virtual invitation to the Soviets to concentrate their energies not on the text of a joint draft treaty in Geneva but on the volatile European political context in which the negotiations would be taking place. They would have minimal incentive to compromise with the United States and maximum incentive to wield their own carrots and sticks in a campaign to persuade the West Europeans to postpone or, better yet, to repudiate deployment.

For the United States, the objective in INF was to prove that the allies could resist Soviet pressure and carry out a promise they had made to themselves. For that reason, no matter who became President in January 1981, he would have had great difficulty turning INF into a genuine arms-control negotiation that would produce a meaningful compromise by 1983.[4] Ronald Reagan's principal advisers essentially decided not even to try. They would concentrate on INF strictly, in the phrase favored by a number of them, as "an exercise not in arms control but in alliance management." In practice, this meant that both the opening proposal and subsequent adjustments should serve the goal of making sure that the deployments began on schedule.

The Zero Option, advanced by the President in November 1981, would have required the Soviets to dismantle all their SS-20s throughout the U.S.S.R., including those aimed at targets in Asia, as well as the obsolescent single-warhead missiles the SS-20s were meant to replace. In exchange, the United States would cancel its cruise missile and Pershing II deployments. The all-or-nothing character of the Zero Option dramatized the Administration's ulterior motive: it was inconceivable that the Soviets would do away with one of their most modern, cost-efficient, and formidable weapons systems; therefore the proposal would seem to make deployment in NATO inevitable.

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[4] This view was expressed by Paul H. Nitze, before his appointment as negotiator, in "Strategy in the 1980s," *Foreign Affairs*, Fall 1980, p. 98.

The Soviets' rejection of the Zero Option was abrupt and adamant. Their own proposal in the talks—no new American missiles in Europe in exchange for a freeze on the number of Soviet intermediate-range weapons there—reflected their claim that parity existed between the superpowers, and it established a bedrock Soviet objective: to exclude intermediate-range American missiles from Europe as a matter of principle.[5]

The two sides stuck stubbornly to their opening positions throughout 1982. The Zero Option was so obviously non-negotiable that many West Europeans began to question American sincerity, while the Soviet proposal of a moratorium, however specious, appealed to their desire for a halt to the arms race. Thus, the deadlock in Geneva underscored the disadvantages under which the United States was laboring. All the Soviets had to do was play on West European hopes that as long as the superpowers were talking, there might be no need to deploy. At the same time, they could exploit West European fears that if deployment proceeded on schedule, the talks would break down and a dangerous new round of competition would begin. As early as mid-1982, Soviet officials began dropping dark hints that they might walk out of the Geneva negotiations and come forward with new weapons of their own to offset the new ones on the NATO side.

IV

It was against this backdrop that Paul Nitze, the chief American negotiator in INF, undertook in mid-1982 to break the deadlock in the negotiations and produce an agreement that would rescue the West from its own largely self-inflicted dilemma. He did so on his own, without the authorization or even the knowledge of his government. That a distinguished, disciplined official with decades of experience as a policymaker and negotiator should feel it necessary to embark on such a controversial and risky venture was itself extraordinary. Nitze was motivated by two conclusions: first, that failure to reach agreement would be far more costly to the West than to the Soviet Union, since European popular opposition to deployment in the absence of an agreement could traumatize and perhaps paralyze the Alliance for years to come; and second, that the Reagan Administration was too shortsighted to see that danger and too divided to give him formal permission in advance to explore a negotiable compromise.

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[5] The Soviet assertion of a balance was not only disputed by Western analysts—it suffered from the fact that the Soviets continued to deploy SS-20s even as they proclaimed a moratorium. In December 1979, at the time of the NATO decision, the U.S.S.R. had roughly 140 SS-20s deployed; by the time the Reagan Administration entered the INF talks, there were 230; a year later, 315; by the end of 1983, there were 360. In their rebuttal to the charge that they were ahead and still not quitting, the Soviets claimed that the SS-20s were merely replacements for old SS-4 and SS-5 missiles that were being retired and that some of the new SS-20s were in Asia, therefore out of bounds for European arms control.

Therefore he decided to seek such a compromise on his own and then present the Administration with a solution to its political and military problems in INF. Nitze made his move in July 1982, in a series of private discussions with his Soviet counterpart, Yuli Kvitsinsky. The climactic encounter took place during a walk in the Jura Mountains outside Geneva.

Even though the episode played itself out the year before, it was not until early 1983 that some of Nitze's colleagues publicly revealed what had happened. The impact of the revelation was immense and protracted. As deployment drew closer, the INF debate in the West kept coming back to differing interpretations of the "walk in the woods" and to speculation about whether some revived, perhaps revised, version of the arrangement worked out between the two men might still form the basis of a last-minute agreement between their governments.

The basic formula would have permitted a partial deployment of new American missiles in NATO in exchange for a significant reduction of SS-20s in Europe. There would have been major concessions on both sides. The Soviets would have dropped their insistence that they be explicitly compensated in an INF agreement for the independent nuclear deterrent forces of Britain and France; they would also have dropped their refusal to sanction any new American missiles on the continent. In return, the United States would have agreed to accept a freeze on SS-20s in Asia, rather than treating them as part and parcel of the threat to Western Europe because of their mobility. As the clinching element, NATO would deploy only cruise missiles; the Pershing IIs, destined only for West Germany, would be cancelled altogether. The Soviets professed to fear the Pershing II more than the GLCM because its short flight time made it, in their view, a potential first-strike weapon and because they had a neuralgia about German fingers anywhere near nuclear triggers.

The United States would have had the right to 75 GLCM launchers, each with four missiles, totaling 300 GLCMs; the Soviets would be obligated to reduce their 243 SS-20 launchers in Europe to 75, each with three warheads, totaling 225. The differential in warheads favoring the United States would help make up for two advantages of ballistic over cruise missiles: the far greater speed with which ballistic missiles can reach their targets and their invulnerability to antiaircraft defenses. While the U.S.S.R. would have preserved its regional monopoly in intermediate-range ground-launched ballistic missiles, the United States would keep an offsetting monopoly in intermediate-range ground-launched cruise missiles; the Soviets would have agreed not to develop such weapons. Asian SS-20s were to be frozen at 90.

Nitze and Kvitsinsky agreed that this was to be a "package deal," a comprehensive, final agreement, not the basis for further haggling. But the haggling was intense back in Washington when Nitze confronted his government with what he had done. Initially, the scheme received cautious but favorable consideration by all the key officials, including the new Secretary of State, George Shultz, Secretary of Defense Caspar Weinberger, and General John Vessey, the new Chairman of the Joint Chiefs of Staff.

But it has been one of the hallmarks of the Reagan Administration's conduct of arms control that while decisions are ratified at the Cabinet level, they have been made—and unmade—at the so-called "working level" of assistant secretaries. The two most influential figures in the Administration in this regard were Richard Burt, the Assistant Secretary of State for European Affairs, and Richard Perle, the Assistant Secretary of Defense for International Security Policy. For different reasons, they were both left out of the preliminary deliberations over the walk in the woods. However, in the decisive discussions Perle weighed in heavily to thwart Nitze, and Burt did likewise subsequently in supporting and maintaining a negative position.

While "the two Richards," as they were often called, were rivals and opponents on many issues, they both argued strenuously that the sacrifice of the Pershing II would be unacceptable for the United States, primarily because it was to be deployed in West Germany, and if West Germany was freed from its obligation to deploy the Pershing II on schedule, the other West European nations would abandon their commitment to accept cruise missiles.

During the intense, sometimes acrimonious intramural struggle, political and military arguments over the Pershing II and its expendability became confused. President Reagan, who had understandable difficulty grasping the subtleties of the debates raging among his subordinates, became fixated on the military question of whether the United States could counter ballistic SS-20s with a force made up exclusively of cruise missiles—disregarding that U.S. strategic ballistic missiles by the thousands could reach the same potential targets as the Pershing IIs.

In mid-September 1982, the President ruled that Nitze could continue his discussions with Kvitsinsky, exploring possible compromises between the formal U.S. and Soviet positions, but any compromise that left the Soviets with SS-20s must also give the United States the right to deploy Pershing IIs as well as cruise missiles. Thus, the deal that Nitze and Kvitsinsky had agreed to in the woods was, from the American standpoint, no longer a package; contrary to the condition Nitze had impressed on Kvitsinsky, their arrangement was open to further haggling, and the ingredient that probably most interested the Soviets—the cancellation of the Pershing II—had now been removed.

Rumors soon began to circulate in Washington, reaching the Soviet Embassy, that Nitze had been reprimanded by the White House for exceeding his instructions, and on September 28, during a meeting in New York, Shultz indicated to Foreign Minister Andrei Gromyko that the package as such did not have the Administration's endorsement. The next day, after two and a half months of silence, the Soviets formally and categorically rejected the deal themselves.

Subsequently, for very different reasons, both the Soviets and Nitze's opponents within the American government claimed that the whole scheme was Nitze's doing; that Kvitsinsky's role had been limited to that of a delivery man who conveyed an American initiative back to Moscow; and that nothing Kvitsinsky said or did implied even tentative Soviet acceptance of the package.[6]

In fact, however, while most of the contents of the package was the result of Nitze's brainstorming, Kvitsinsky did insist on substantive changes (such as freezing rather than reducing the number of SS-20s in Asia), and he agreed to the package as amended. Also, he had been in close consultation with Gromyko during the private discussions with Nitze, including on the eve of the walk in the woods itself. That fact, along with the fact that he remained in his job afterwards, suggested that he, unlike Nitze, was under instructions throughout. At the same time, Kvitsinsky made no promise that he would be able to deliver his government's formal support, and the long silence from his side may have indicated that there was division in Moscow over how to respond to the initiative.

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[6] See Yuli A. Kvitsinsky, "Soviet View of Geneva," *The New York Times*, January 12, 1984, p. A31.

It is quite possible, too, that Kvitsinsky and his masters were just leading Nitze on, smoking out possible fallbacks in the U.S. position. But it is also possible that in allowing Kvitsinsky to associate himself with the deal, the Kremlin may have tipped its hand, providing the briefest glimpse of its own fallback. Leonid Brezhnev was still alive, but he was on his last legs. Nitze had broached the possibility of a breakthrough in INF as a pretext for a Reagan-Brezhnev summit. Kvitsinsky had once remarked that his side was "hoping for a miracle" by the fall of 1982, so that Reagan and Brezhnev might meet and set guidelines for an agreement, much as Gerald Ford and Brezhnev had done at Vladivostok during SALT II. As a result of Nitze's initiative, Brezhnev may have been sufficiently tempted by the prospect of a last hurrah for him to have Gromyko instruct Kvitsinsky to approve the package.

In any event, by the time the Administration was willing and able to offer concessions in INF, nearly another year had passed; Brezhnev was dead; and whatever chance had existed for an agreement was now probably gone.

The revelation of the walk in the woods at the beginning of 1983 greatly complicated the Reagan Administration's conduct of INF for the rest of the year. In repudiating Nitze, whom the West Europeans had come to regard as the champion of their interests in Washington, the Administration exacerbated suspicions about its sincerity in arms control and about its sensitivity to the allies. Also, President Reagan had issued a formal directive in September 1982 setting in stone the proposition that the Pershing II could not be sacrificed as part of any compromise agreement. That made the Pershing II virtually non-negotiable in 1983, further tying Nitze's hands.

In making the dubious determination that the Pershing II was unexpendable, the Administration had never consulted with the West Europeans, particularly the West Germans, and most particularly with Helmut Schmidt, who was chancellor until October 1982. He had provided much of the impetus for the December 1979 dual-track decision and had, at considerable political risk, kept his government and his country on the deployment track.

When Schmidt learned about the aftermath of the walk in the woods, he was furious. He regarded the deal as sound on its merits and the arguments used to defeat it in Washington as spurious. The notion that the Pershing II must serve as a test of West German fidelity to the Alliance was downright insulting to him, especially since the Federal Republic had also agreed to accept GLCMs and could have done so on an accelerated schedule under the terms of the Nitze initiative. The incident prompted all the more concern in Europe, including among some colleagues of the new chancellor, Helmut Kohl, that the Reagan Administration was so obsessed with the goal of deployment that it was blind to opportunities for negotiation.

V

Ironically, 1983 saw the gradual evolution of the American proposal in INF away from the Zero Option toward something quite similar to Nitze's walk-in-the-woods formula, minus, of course, the offer to cancel the Pershing II altogether.

"It takes two to tango," Ronald Reagan had once said, speaking of the need for reciprocity if there was to be Soviet-American cooperation. As it happened, he and Andropov did indeed engage in a curious sort of dance with each other. Andropov led, and Reagan followed, as each announced alterations in his side's proposal. Andropov's demonstrations of flexibility were meant to persuade the West Europeans to postpone deployment, while Reagan's were meant to demonstrate that the United States was fulfilling its obligation to negotiate in good faith so that the Europeans would feel obliged to keep their end of the 1979 bargain and deploy on schedule.

In the last days of 1982, Andropov offered to reduce Soviet SS-20s in Europe from the 243 already deployed to 162, the level of the British and French ballistic missiles. There were also hints that some of the 81 SS-20s to be reduced might be dismantled rather than merely redeployed to Asia whence they could always be moved westward again in a crisis. While the proposed Soviet concession seemed at first blush significant, it had a number of strings attached that led to prompt rejections from Washington, London and Paris. Andropov was playing a variation on the old theme of prohibiting any new American missiles in Europe while keeping a substantial number of Soviet ones. The Soviets' claim to compensation for the British and French weapons implied that since the Europeans had their own deterrents, they neither needed nor were entitled to the presence of American weapons in Europe. The United States, in short, should stay on its own side of the Atlantic, "de-coupled" from its allies. And finally, the proposal served to establish the principle that the U.S.S.R. could match the arsenals of Britain and France if and when those countries acquired additional weapons.

The United States was slow in responding with a counterproposal. Nitze and the State Department wanted to abandon the Zero Option sooner rather than later. So did the governments of Helmut Kohl in West Germany and Margaret Thatcher in Britain. They were stalwarts on the need for the new missiles, but they were also facing elections and domestic protests against deployment. That made them eager for Washington to neutralize the public-relations advantage Andropov seemed to have gained. The new buzz word on the far side of the Atlantic was "interim solution": a partial reduction in the Euromissiles to be deployed and a partial reduction in the SS-20s already in place.

The Pentagon and the National Security Council staff favored holding firm on the Zero Option, arguing that the United States should not let its negotiating tactics toward the Soviet Union be driven by the vagaries of West European politics. In the end, the Administration decided to stand pat until after the West German elections in early March. To assuage the impatient allies, Vice President George Bush traveled to Europe in February. He invited suggestions, put the best possible face on the Zero Option, hinted at American gestures of flexibility still to come and stressed that deployment would not necessarily be irreversible: missiles that went in on the deployment track could later be withdrawn if there were progress on the negotiating track.

With Kohl's government safely reelected by a comfortable margin, Reagan did come forth on March 30 with a variant of the interim-solution proposal. While still formally committed to the eventual goal of "zero-zero" (no intermediate-range missiles on either side), the United States would accept, for the time being, equal "global" ceilings on warheads. For example, this might mean 300 single-warhead Pershing IIs and cruise missiles in Europe matched against 100 triple-warhead SS-20s throughout the U.S.S.R. (that is, including in the Soviet Far East). Or it could mean that the full NATO deployment of 572 new missiles would allow the Soviets to keep about 200 SS-20s, which would have required a reduction of about 150 from their existing force.

The Soviets' rejection was as firm as ever: they still demanded cancellation of the NATO modernization program and compensation for British and French forces; and they continued to object to the American concept of global ceilings, which in practice meant that SS-20s in Asia were to be counted and limited as part of European arms control.

During the summer and fall, the tempo of the Andropov-Reagan tango picked up. It was during this period that the State Department and White House most seriously considered the possibility of an agreement and a summit in 1984. The Soviet leader met a longstanding U.S. objection by proposing, on August 26, that the U.S.S.R. would "liquidate" all the SS-20s that he had previously offered to remove from Europe; the Soviets would keep 162 European SS-20s to offset the British and French ballistic missiles, but the 81 extra SS-20s would be taken out of service entirely rather than redeployed to Asia. This implied a freeze in Asia.

Nitze and the State Department were preparing to respond with a new American offer of equal warhead ceilings when, on the night of August 31, Soviet air defense forces intercepted and destroyed a Korean airliner that had strayed over Soviet territory in the Far East.

The incident put an abrupt halt to an incipient warming trend in the relationship between the superpowers. It also influenced the climate in which policy was being made in Washington. Those in the Administration who opposed further concessions in INF—indeed, who were skeptical about any diplomatic dealings with the U.S.S.R.—felt vindicated and emboldened; the international outcry over the downing of the airliner had, they concluded, eased the pressure on the United States to make any more moves before deployment.

The West Europeans were outraged by the airliner incident, but they were only momentarily distracted from their growing anxiety about deployment. They were eager not just for more public-relations gestures in Washington but, if at all possible, for an agreement in Geneva. The West Germans had been pressing the Administration to resurrect the Nitze-Kvitsinsky walk-in-the-woods scheme, including the sacrifice of the Pershing II. The Soviets coyly hinted they might be interested. That was one move, however, that the Reagan Administration was not going to make. It had by now become a matter of principle that the United States must have the right to deploy ballistic as well as cruise missiles and that initial deployment of both systems must precede a negotiated agreement.

On September 26, in a speech before the United Nations General Assembly, Reagan amended the interim-solution proposal, borrowing many features of the walk-in-the-woods while at the same time preserving the Pershing II. The United States would make "proportional reductions" in the Pershing II (proportional, that meant, to the reduction in the overall deployment package); it would continue to demand a global, or U.S.S.R.-wide, ceiling on SS-20s, but the United States would not deploy as many warheads in Europe as the Soviets had throughout the U.S.S.R.[7]

Two days after Reagan's speech, a statement was released in Andropov's name in Moscow. It contained the most categorical and comprehensive high-level Soviet denunciation of an American Administration that had appeared in decades. Andropov's rejection of Reagan's latest concessions in INF went beyond the issues at hand. He denounced what he called the "essence" of the Administration's approach to arms control. The original Zero Option of November 1981 and the interim-solution proposal of March 1983 both come down to the same thing, according to Andropov:

> The proposal to agree, as before, on how many Soviet medium-range missiles should be reduced and how many new American missiles should be deployed in Europe in addition to the nuclear potential already possessed by NATO. In brief, it is proposed that we talk about how to help the NATO bloc upset to its advantage the balance of medium-range nuclear systems in the European zone.

This statement had the ring of being the last word addressed to the United States, but, surprisingly, Andropov still had one final gesture of flexibility to make toward the West Europeans. He offered, on October 26—the day after the U.S. invasion of Grenada—to reduce the European SS-20 force from 243 to about 140 and to cease further deployments of SS-20s in Asia. Even with the new, lower numbers on his side, Andropov's offer was still contingent on cancellation of the Pershing IIs and GLCMs and to a freeze on the level of British and French forces.[8]

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[7] What this rather subtle and complex feature meant in practice was that the United States would keep back in the United States a certain number of warheads to offset those that the Soviets had on their SS-20s in Asia. If the Soviets were so inclined, they might regard this as a promising American concession, since it would allow them a way of keeping Asian weapons that might be formally counted under the agreement but that were not matched by U.S. weapons in Europe; it also might allow them to claim, on their own, that the differential between the total number of weapons they were allowed under an INF agreement and the number of new weapons NATO actually deployed represented some sort of compensation for the British and French forces. The Soviets were not, however, so inclined.

[8] There were 162 British and French ballistic missile launchers, a few on land and the rest on submarines. Hence the earlier Soviet offer to reduce the European SS-20s to 162. The new offer of "about 140" was based on the apparent willingness, which the Soviets had been hinting at for some time, to match the British and French missiles warhead for warhead rather than launcher for launcher. By the Soviets calculations, there were 434 warheads on the British and French missiles, although the actual number was considerably lower. A reduced force of 144 SS-20s with three warheads each would approximately equal the British and French forces on that basis.

The good news in this Soviet initiative was that it suggested the U.S.S.R. was now willing to limit warheads rather than launchers, something the Reagan Administration had been advocating all along. The bad news was that the British and French were modernizing their submarine-launched missiles, adding multiple warheads. The effect of the Soviet proposal, if adopted, would be either to stop the British and French modernization program in its tracks or to allow the Soviets to build up their SS-20s as that program went ahead.

But Andropov combined this offer of a new carrot with another, more emphatic wave of the stick. The tango, he was saying, was coming to an end. Echoing in public from the highest level what other Soviets had been saying for more than a year, Andropov warned that the U.S.S.R.'s next move would be to walk out of the Geneva talks if deployment continued on schedule.

American officials like Burt and Perle, who had previously dismissed the Soviet threat of a walkout as a bluff, prepared to turn the event to their own advantage. The Administration began emphasizing one of the messages Bush had carried to Europe in February: the United States had every intention of talking past deployment; the new American missiles would still be negotiable once they were in place; in fact, they would give the United States all the more leverage precisely because they were in place.

The denouement of the INF drama in 1983 was frantic, bitter, and in some respects puzzling. The Soviet side put out a last burst of what seemed to be mixed signals about whether it would walk out of the talks at all, if so on what pretext, and whether it would return. On October 26, *Pravda* quoted Andropov himself as vowing that the negotiations would end with the "appearance" of new American missiles in Europe; yet when the British government announced the arrival of the first GLCMs on November 14, the Soviet delegation in Geneva stayed at the table.

Kvitsinsky made an eleventh-hour attempt to engage Nitze in another round of private discussions, much along the lines of the walk in the woods. The Soviet negotiator said that if the United States were to propose cancellation of the American deployments in exchange for a reduction from 243 to 120 SS-20s in Europe, rather than the figure of 140 in Andropov's last offer, the U.S.S.R. would agree and would also defer the issue of compensation for future increases in British and French forces to START. Nitze rejected the Soviet formulation but probed for possible additional flexibility.

Then, on the very eve of the West German Bundestag's vote to approve the deployment of the Pershing II, Soviet diplomats in NATO capitals made a formal démarche asserting that Nitze had in fact made the proposal that Kvitsinsky was trying to elicit. A day later, the Defense Minister, Dmitri Ustinov, denied that his government was willing to concede anything on the issue of the British and French forces. The motives on the Soviet side were obscure. The incident may have reflected intramural machinations and disarray associated with Andropov's long illness and apparent incapacity. The consequences, however, were plain enough: the unusual, durable, and at times remarkably promising and useful relationship that Nitze and Kvitsinsky had developed was all but ruptured.

The Bundestag approved the Pershing IIs on November 22, and Kvitsinsky and his delegation terminated the negotiations in Geneva the next day. The Reagan Administration adopted a tone more of sorrow than of anger and predicted that the Soviets would soon be back. However, it seemed rather to contradict that optimism by publishing at the end of the year a detailed, though selective and self-serving, version of the negotiating record.[9] The purpose was to portray the Soviets as the spoilers, but the effect was to reinforce the impression that the talks were over. A series of high-level statements from Moscow ruled out a resumption of the talks unless the United States withdrew the missiles it had begun to deploy. At the same time, Soviet spokesmen spelled out the military "countermeasures" that the U.S.S.R. was planning to take in response to the arrival of the American missiles. These included the stationing of ballistic missiles in Eastern Europe and the development of long-range cruise missiles and new ballistic missiles for submarines that would operate off the coast of the United States, posing a threat that the Soviets claimed would be "analogous" to the one they felt from the Pershing IIs and GLCMS.

VI

While INF was an inherited dilemma for the Reagan Administration, its conduct of START—the Strategic Arms Reduction Talks—was beset by problems much more of the Administration's own making.

The President entered office committed to the proposition that the SALT II treaty was "fatally flawed," therefore not worthy of ratification. Yet the Joint Chiefs of Staff and more experienced, moderate officials of the government, including Secretary of State Alexander Haig, persuaded Reagan that the United States would be worse off militarily if the constraints on Soviet missiles in SALT II were relaxed. Therefore, in the spring of 1982 the Administration declared it would "not undercut" its terms as long as the Soviet Union showed similar restraint. This informal, non-binding arrangement was intended to be a stopgap until the Administration negotiated a better agreement.

Yet by the end of 1983 no new treaty was in sight, and it became apparent that the two sides' adherence to SALT might well break down before there was anything to take its place. The initial deployment of American ground-launched cruise missiles in Europe made a dead letter of the protocol to SALT II, which banned such systems. The United States took the position that the protocol had already lapsed anyway; but the Soviets retorted that since the unratified treaty had never gone into force, the expiration of the protocol, originally set for December 31, 1981, was, by implication, indefinitely postponed.

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[9] "INF: Progress Report to Ministers," prepared for Allied foreign ministers and defense ministers by a Special Consultative Group of NATO, December 8, 1983; available from U.S. Arms Control and Disarmament Agency, Washington.

Meanwhile, the Soviets were engaged in a number of activities that called into question their compliance with the SALT agreements. They were making extensive use of codes in the tests of intercontinental and submarine-launched ballistic missiles (ICBMs and SLBMs) and thus playing close to the rather fuzzy margins of what was permissible under SALT II (the treaty banned the use of any codes that impede the other side's ability to verify compliance); they appeared to be developing two new types of ICBM, while only one was permitted under SALT II; and most troubling of all, they were operating a large radar facility in Siberia that strained even the most lenient interpretation of what was allowed under the SALT I treaty limiting anti-ballistic missile (ABM) defenses.

The Reagan Administration raised questions, and the Soviets offered answers, on all points. The Soviets claimed that what appeared to be a second new type of ICBM was in fact a modernization of an existing type (the SS-13); that their use of codes was permissible under the rather ambiguous language of SALT II; and that the Siberian radar was for tracking satellites in space, not for tracking enemy warheads. Besides, they continued, moving onto the forensic offensive, what right had the United States to nitpick over the fine points of compliance when it was the Americans themselves who had "sabotaged" SALT II and who refused to negotiate "seriously" on a new strategic arms treaty to take the place of the one they refused to ratify?

Whatever the sincerity of the Administration in strategic arms control, it was its competence that was more legitimately in doubt. The President had settled easily enough in 1981 on the idea of substituting START for SALT, replacing the *L* of mere limitations with the *R* of far more ambitious reductions. There was also the deliberate connotation of a clean break with the past, a new, bold start in an old, bankrupt enterprise. But the terms of a proposal for a new treaty proved harder to devise than an acronym.

Not until May 1982, a third of the way through his first term, did Reagan's advisers close ranks behind a proposal. This was nearly six months after the President had unveiled his Zero Option proposal in INF. In both negotiations, the Administration had to be pushed to the bargaining table by political forces, and pressure had built up more quickly from across the Atlantic than from the other end of Pennsylvania Avenue.

By the spring of 1982, however, a number of trends in public opinion were beginning to coalesce. A wide variety of religious and academic leaders were questioning the wisdom of the Administration's policies. Their concerns were partly a backlash against controversial statements the year before by high government officials, including the President himself, about whether a limited nuclear war could be fought and won. The beleaguered MX program appeared to be in more trouble than ever on Capitol Hill because of rising sentiment in favor of a negotiated agreement with the Soviet Union that would stop all further testing, production and deployment of nuclear weapons. It was largely to blunt the so-called freeze movement and to stem the growing opposition to the MX that the Administration belatedly came forward with its START proposal in May 1982.

It was an offer that the Soviet Union could do nothing other than refuse. The original proposal—which remained more or less intact for another year, until mid-1983—would have required the Soviets to reduce the number of land-based warheads allowed under SALT II by about 60 percent under the first phase of an agreement. A longer-term provision would have required in a second phase that the Soviets reduce their ballistic missile throw-weight—a measure of destructive capability by which the Soviets were far ahead of the United States because of their reliance on large, land-based rockets—to a level equal to that of the United States. An unpublicized presidential directive mandated that Soviet throw-weight must be reduced by more than 50 percent in the first phase of an agreement. To achieve that end, the proposal stipulated drastic reductions in specific categories of the latest Soviet ICBMs.

For their part, the Soviets tabled a proposal in mid-1982 that preserved the structure of SALT II but reduced somewhat the ceilings and subceilings on various kinds of launchers, or delivery systems, for strategic nuclear weapons (ICBM silos, SLBM tubes and intercontinental bombers). It was probably very close to the offer that the Soviets would have made in SALT III, had SALT II been ratified.

There were four features that made the Soviet proposal unacceptable to the Reagan Administration: first, like SALT, it was based on launchers as the principal currency for bargaining, or unit of account, rather than missile warheads (the number of warheads could have actually increased); second, also like SALT, it permitted trade-offs between bombers and ballistic missiles, rather than concentrating exclusively on ballistic missiles; third, there was no provision for limitation of ballistic missile throw-weight per se; and fourth, the entire Soviet proposal was conditioned on the cancellation of American plans to deploy Pershing II and cruise missiles in Europe. Those weapons could reach the U.S.S.R. and were therefore, in Soviet eyes, a "strategic" threat. Thus the Soviet position in START was explicitly linked to its position in INF, and the deployment of U.S. missiles was sure to complicate START as well.

VII

At the beginning of 1983, it was apparent that START was going nowhere. Congress was growing impatient, and some members were suspicious that the stagnation was not only terminal but, on the Administration's part, deliberate. Confidence was hardly restored when, in January, Eugene Rostow was fired as director of the Arms Control and Disarmament Agency. This paragon of neoconservatism and founding member of the Committee on the Present Danger had managed to cast himself in the role of the Reagan Administration's house moderate, a champion of flexibility and, on his way out the door, as a victim of hardliners and stonewallers in the government. His post was filled by Kenneth Adelman, who was widely challenged as the least experienced, least qualified director in the 22-year history of the agency.

In the midst of a vigorous debate in the Senate over Adelman's qualifications, it emerged that he had received a confidential memorandum from Edward Rowny, the chief START negotiator, sharply criticizing members of his own delegation for their allegedly excessive and unseemly desire for progress in the talks. Rowny was already the object of considerable mistrust among advocates of arms control in Congress because he had resigned as the representative of Joint Chiefs of Staff on the SALT II delegation in 1979 to campaign against ratification of the treaty.

Meanwhile, the American Catholic bishops were preparing a pastoral letter on the moral and theological dimensions of nuclear deterrence. The bishops had been debating the question over many months, both among themselves and with representatives of the Administration, who feared that the document would harm public support for its defense policies. The bishops' deliberations aroused considerable attention in the media, and they were generally applauded for the conscientiousness and sophistication of their approach. The message of the letter was, "We must continually say no to the idea of nuclear war"; the United States must find a way to reconcile a dilemma that had concerned strategists for decades: how could the United States effectively deter nuclear war without developing a "war-fighting" capability in order credibly to threaten retaliation "if deterrence fails"?

The bishops wanted the United States to strive for what might be called pure deterrence, eschewing as much as possible reliance on war-fighting weapons. One draft of the letter identified the MX as such a weapon. The final text, published in the spring of 1983, was less explicit, noting that "stability requires a willingness by both sides to refrain from deploying weapons which appear to have a first-strike capability," but a number of the bishops, speaking as individuals, opposed the MX on those grounds.[10]

The MX was under fresh attack in Congress for reasons similar to those that the bishops had in mind. Critics of the weapon felt it carried with it a double jeopardy: its highly accurate multiple warheads made it seem to threaten the Soviet Union with preemptive attack, yet at the same time basing it in stationary silos would also make it theoretically vulnerable to Soviet preemption. With the MX deployed, the superpowers might be all the more likely to have their most destructive weapons on hair-trigger in a crisis. In short, the MX was seen as every bit as destabilizing as the large, multiple-warhead Soviet ICBMs that START was seeking to reduce or eliminate.

The Pentagon and numerous outside experts had been trying in vain for some years to devise an invulnerable basing mode for the MX that would be both politically acceptable and militarily feasible. By 1983, its proponents had, for all intents and purposes, given up on finding a foolproof scheme, and Congress seemed increasingly of a mind to cut off funding for the program. Rowny and other Administration officials argued that the United States needed the MX for leverage in START, but that point was unpersuasive to congressmen who saw the negotiations deadlocked.

In order to save the MX in particular and, more generally, to build up a bipartisan consensus of support for his rearmament and arms-control policies alike, Reagan in early January established a presidential commission on strategic forces chaired by Lt. Gen. Brent Scowcroft (USAF, Ret.), who had served as national security advisor to President Gerald Ford.

In its first report, released in April, the commission offered a wide-ranging, thoughtful, and artfully crafted compromise between the desires of the Administration and those of many members of Congress. The report denied that the United States was already facing a "window of vulnerability" to Soviet preemptive attack, a phrase and a notion that the Administration had espoused. The commission recommended proceeding with the MX in the short term, but in the longer term developing a small, mobile, single-warhead ICBM that would neither threaten nor invite a first strike. This weapon, nicknamed Midgetman, was much favored by the arms-control lobby in the House of Representatives, led by three Democratic congressmen—Les Aspin (Wisc.), Albert Gore, Jr. (Tenn.), and Norman Dicks (Wash.). In the course of debate over the MX in the House, they conditioned authorization for the MX program on the accelerated development of Midgetman.

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[10] For a thorough account of the evolution of the pastoral letter, see Jim Castelli, *The Bishops and the Bomb: Waging Peace in a Nuclear Age*, New York: Doubleday, 1984.

The commission also recommended that the Reagan Administration work harder to achieve a strategic arms agreement with the U.S.S.R. that would decrease the ratio of warheads to launchers on both sides, thus diminishing the plausibility and temptation of a first strike and increasing strategic stability. In order to encourage an evolution from large, heavily MIRVed ICBMs like the MX and the principal Soviet rockets toward small, single-warhead missiles like Midgetman, the commission called on the Administration to alter one feature of its START proposal, a ceiling of 850 on ballistic missile launchers. This number had been tailored to a future American arsenal made up largely of MXs. There was, quite simply, no room under the 850-launcher ceiling for a sizable force of Midgetman-like weapons.

The Administration took the commission's advice to the extent of tinkering with some of the details in its proposal, including the 850 ceiling, but there was little sign that it was moving toward an approach that would be more likely to produce an agreement. In fact, there were some signs to the contrary. In the flurry of inter-agency logrolling, the Pentagon succeeded in increasing the prominence of throw-weight as a unit of account.

During the summer, it was all the more obvious that START was stalled. Pressure from the Hill began to build again, and the MX seemed more vulnerable than ever to congressional budget-cutting. The President extended the Scowcroft Commission's charter, and Scowcroft personally set about to broker a fundamentally new approach to START that would accomplish a number of goals: accommodate the Congress's desires for a sound, feasible arms-control proposal; save the MX; and, if possible, engage the Soviets in a genuine negotiation. Scowcroft was primarily concerned with establishing a framework for an arms control policy that had genuine bipartisan support and that could be sustained from one Administration to the next, without the pendulum swings that had proved so disruptive in the past.

In addition to the enthusiasts for Midgetman in the House, Scowcroft and the Administration had to take account of a powerful group of Senators who favored a so-called guaranteed mutual build-down: a plan whereby the addition of new weapons must be accompanied by the retirement of a larger number of old weapons.

The principal advocates of this scheme, which was supported in a number of resolutions passed by the Senate, were two Republicans, William Cohen (Me.) and Charles Percy (Ill.), and a Democrat, Sam Nunn (Ga.). All were advocates of arms control. They were critical of what they saw as the intransigence and unrealism of the Administration's position in START, but they were also against both the freeze and the groundswell of sentiment to kill the MX. They conceived of the build-down as a moderate alternative to the freeze; it would allow the United States simultaneously to reduce and to modernize its arsenal.

Thus the build-down was consistent with the Administration's own professed commitment to reductions in arms control and to modernization in its strategic programs. Its advocates contended that the build-down was actually more true to the goal of reductions than the Administration's own START proposal, which would have permitted a vast proliferation of cruise missiles and thus quite likely have yielded a net *increase* in strategic weapons by the 1990s. Under the build-down scheme, cruise missiles would be subject to reductions as well as ballistic warheads.

The build-down acquired considerable support in the Senate not just because of its conceptual merits, but because, like the de-MIRVing or Midgetman scheme, it filled a vacuum. The Administration had not been able to come up with an arms-control policy that had broad support, and partly for that reason, its rearmament program was foundering. The Congress stepped in and offered ideas that seemed to make sense for both halves of national security, diplomacy and defense.

Scowcroft found himself in the middle of a negotiation busier and more complicated than anything going on in Geneva. He had to help the advocates of Midgetman in the House and the enthusiasts for the build-down in the Senate work out a joint position, then quietly try to induce the Administration to accept a synthesis between that common congressional approach and some extensively modified version of START.

As it happened, there was already a move afoot within the State

Department to develop a different, and arguably more pertinent, sort of synthesis—between the U.S. and Soviet proposals on the table in Geneva. The plan, which took shape under the auspices of Richard Burt and the director of the Bureau of Politico-Military Affairs, Jonathan Howe, would have involved reconciling some version of the Soviet proposal, which featured ceilings and subceilings on missile launchers, with a parallel hierarchy of ceilings and subceilings on missile warheads and bomber armaments (i.e., bombs and air-launched cruise missiles).

The scheme had the advantage that it might have prompted the Soviets to enter into genuine give-and-take in the negotiations since it preserved elements of their own proposal and of SALT II. Precisely that feature, however, constituted an overwhelming political disadvantage. Its detractors were quick to tag it "SALT II½," a devastating label in the Reagan Administration.

The State Department option for a new approach to START also suffered from an accident of timing. It came to the attention of Secretary Shultz himself in August, shortly before the Soviets blew the Korean airliner out of the sky over the Sea of Japan. That incident made the Administration in general, and Shultz in particular, less inclined than ever to bend very far in the direction of compromise with the U.S.S.R.

Compromise with Congress, however, was still very much in order for the sake of saving the MX. The controversial weapon system faced a series of votes during the year and survived each by a narrower margin than before. Just as the Administration sought to shore up support for the Euromissile deployments by means of carefully timed gestures of flexibility in the INF talks, so it managed to sustain congressional support for the MX by embracing recommendations from the Scowcroft Commission and announcing cosmetic adjustments in its START proposal just before key votes.

None of those changes, however, broke the deadlock in Geneva. The only scheme on the horizon that might have accomplished that task was the State Department's SALT II½, and the State Department was isolated; its plan was neither widely known on the Hill nor similar to the plans favored there. Partly for that reason, those in the Pentagon, like Perle, and in the National Security Council staff who believed that throw-weight must figure prominently in START ended up dominating the Administration's side of the elaborate negotiations with Scowcroft and the congressmen. Two of Scowcroft's right-hand men—R. James Woolsey, a lawyer and former Pentagon official in the Carter Administration, and Glenn Kent, a retired Air Force general and nuclear weapons expert—were also strong believers that throw-weight must be taken into account.

After feverish consultations with the White House and with the so-called Gang of Six on the Hill (Congressmen Aspin, Gore, and Dicks, and Senators Percy, Cohen and Nunn), Scowcroft, Woolsey and Kent came up with what amounted to a new START proposal. It was called double build-down because it combined the original build-down idea—more weapons must come out of each side's arsenal than went in—with two schedules of reduction: one would require that ballistic missile warheads be lowered over time from approximately 8,000 on each side to 5,000, and another would require a similar scaling down of overall "destructive potential." The reduction of warheads might be dictated by a system of variable ratios, whereby more warheads on MIRVed ICBMs than those on single-warhead ICBMs or SLBMs would have to be removed to make room for new weapons.

Similarly, destructive potential was to be calculated in a way that aggregated bombers and ballistic missiles, but that also made missiles, especially large MIRVed missiles of the sort the Soviets favored, more costly to retain than the smaller land- and sea-based missiles and bombers favored by the United States. Thus, the formula for measuring and limiting destructive potential included incentives to develop small, Midgetman-like ICBMs and penalties for retaining large, multiple-warhead ICBMs.

There were different versions of the double build-down scheme, varying in intellectual elegance and complexity. Some had the significant virtue, in the eyes of their proponents at least, of recognizing the existence of offsetting asymmetries between the force structures of the two sides and of providing opportunities for equitable trade-offs in arms control. In that respect they were more realistic and promising than the Administration's original May 1982 approach, which put the onus of reduction almost exclusively on those weapons where the Soviets had their largest investment and discounted those where the United States was strong.

But in another respect, the double build-down in all its iterations was similar to START: the Soviets would have to give up most of the ICBMs that made up the core of their strategic forces. Moreover, because of the large throw-weight of their rockets, their missiles would "cost" more than roughly corresponding American weapons. For example, the Soviet SS-18 heavy ICBM would, under Glenn Kent's formula favored by the Gang of Six and the Scowcroft Commission, count as more than 20 units of destructive potential, while the MX, with the same number of warheads, would count as ten.[11]

For that reason alone, the Soviets were unlikely to accept such a scheme any time soon. There were other reasons as well. The double build-down, as much as the Administration's long-standing position, required them to abandon the structure and units of account of SALT II and of their own proposal in START. It is another fact of life of arms control that the Soviet Union is a sluggish, hidebound, suspicious partner in negotiations. Sooner or later negotiability must be a factor in the formulation of American policy and proposals—not the only criterion, to be sure, or even the main one, but a criterion nonetheless. The Soviets were sure to find it hard to abandon the old groundwork laid by more than a decade of negotiation and join the United States in a bold venture based on new concepts, calculus and vocabulary.

If the double build-down were accepted by the Soviets, the resulting treaty would unquestionably be an improvement on SALT. The plan contained what should have been attractions in Soviet eyes, particularly an American willingness to accept meaningful limits on cruise missiles.[12] The build-down might have had more promise as the basis for negotiation if it had been coupled with the State Department approach: SALT II½ as a first stage to tide the superpowers over while the United States slowly but steadily sought to lay new groundwork for a longer-range agreement incorporating the means and ends of the build-down.

But what happened was quite different: the Administration treated the build-down as a quick fix to the immediate problem of getting MX through the year-long gauntlet of votes. The negotiations between the executive and legislative branch ended in early October with a jury-rigged compromise whereby the double build-down would not replace the START proposal but would accompany it on the table when Rowny returned to Geneva for the autumn round of talks. Woolsey was added to the START delegation in order to assure the congressmen that their interests would be represented.

The legislators, members of the Scowcroft Commission and officials of the Administration were nearly unanimous in congratulating themselves and each other for having truly achieved a bipartisan consensus. A few even claimed that now the President had the basis for an arms control agreement that could definitely be ratified by the U.S. Senate. The episode was a triumph not only of the outsiders over the insiders, but of domestic politics over diplomacy. Jimmy Carter had, according to his critics, worried too much about getting SALT II negotiated and too little about getting it ratified. Now the American leadership, at both ends of Pennsylvania Avenue, had gone to the opposite extreme.

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[11] For an excellent argument in favor of the build-down approach, including a somewhat simpler and arguably more negotiable version of it, see Alton Frye, *loc. cit.* footnote 1.

[12] The Administration's rather tentative embrace of the build-down seemed to be limited to air-launched cruise missiles. Some proponents of the build-down urged the inclusion of sea-launched missiles, large numbers of which are now in prospect on the U.S. side. The range and capabilities of these would appear to make them "strategic" by any reasonable definition.

The legislative branch of the government had, in effect, fired the executive branch for gross incompetence in arms control; then the legislators had dictated the substitution of their own proposal for the Administration's; then they had conspired with the Administration to put the best possible face on what had happened, covering up the nature and depth of the fractiousness that remained.

There were those in the Administration who saw the old START proposal as the real one and the build-down as an ornament to placate the Hill. The Gang of Six hoped that the build-down would become the real proposal and that the original START approach had been retained only as a sop to the Administration. The Soviets were justifiably confused, although they quickly made clear, in diplomatic channels and in press commentaries, that they regarded the double build-down as unacceptable. Viktor Karpov, the chief negotiator, said that the build-down, as much as the old START proposal, would have the effect of "emasculating" the U.S.S.R.'s strategic forces. The State Department, meanwhile, harbored hopes that neither half of the hybrid position on the American side of the table would turn out to be the ultimate proposal and that SALT II½ still had a chance.

The United States quite simply no longer knew what it wanted in strategic arms control, much less how to get it.

VIII

As 1983 came to an end, the prospects were dim for an upturn in the fortunes of arms control in 1984. If anything, the approach of the presidential election at home and the continued hand-wringing over deployment in Europe increased political pressure on the Administration. But there were fewer channels in which it could move even if it was inclined to do so—and greater obstacles in the channels that remained.

One indication of foreign concern was the personal initiative launched by Prime Minister Pierre Elliott Trudeau of Canada in November and December. Mr. Trudeau has always been both an idealist and a canny politician, in proportions varying from time to time, and in official Washington's eyes the initiative seemed to stem at least partly from his faltering political position as Canada looked to its own 1984 elections; he had weathered some controversy over his willingness to let the United States test cruise missiles in Canada.[13] But he pressed ahead with a round of visits designed to elicit ideas and, apparently, to stir up international pressure for progress. It was an effort not likely to produce concrete results, but certainly symptomatic of much foreign sentiment that the impasse was an extremely serious matter and that not all the fault lay on the Soviet side.

The Europeans pressed hard for Secretary Shultz to meet with Foreign Minister Gromyko at the Conference on Disarmament in Europe (CDE) at the end of January 1984. Shultz was willing to oblige, but more out of deference to the allies than out of expectation that anything substantive could be accomplished. Multilateral European arms-control enterprises, such as CDE and the Mutual Balances Force Reduction talks between the Warsaw Pact and NATO in Vienna, were hostage to the superpowers' bilateral negotiations over INF, and by the end of the year, MBFR had been suspended.

The Europeans hoped that even if the INF talks as such could not be resumed, they might be merged into START. That way, the Soviet advantage in intermediate-range weapons might be subject to trade-offs against intercontinental arms, and the sticking point of the British and French nuclear forces might also be resolved or finessed. But the Administration resisted that possibility, at least in the near term. In November, the White House decided that a merger would only make it easier for the Soviets to work mischief and exert pressure on the allies in START just as they had in INF; therefore the Administration was inclined to oppose merger even if the Soviets suggested it.[14]

Another presidential decision at the end of the year cast a shadow over the viability of arms control in the longer run. In December, Reagan approved a major increase of funds for research and development on means to defend the United States against nuclear attack. He believed the United States should move toward realizing the vision of a comprehensive, space-based system of strategic defenses that he had unveiled in his March 23 "Star Wars" speech. A step in that direction, he believed, was a step away from relying for deterrence on offensive weapons that threatened catastrophic civilian destruction and very possibly global suicide as well.

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[13] Canadians themselves initially sensed a degree of domestic political motivation in Trudeau's initiative. See Adam Bromke and Kim Richard Nossal, "Tensions in Canada's Foreign Policy," *Foreign Affairs*, Winter 1983/84, pp. 335–353. But by the end of the year skepticism from Washington tended to unite Canadian sentiment in support of Trudeau.

[14] The Soviets had always linked START and INF insofar as their proposed reduction was conditioned on no deployment of the Pershing IIs and GLCMs. Once deployment began, the Soviet START delegation in Geneva put the U.S. negotiators on notice that the Kremlin would reassess and revise its proposal, probably by adding a new subceiling, and very likely a prohibition, on intermediate-range systems that could reach the territory of the other side. That would apply to the American missiles in Europe but not to the SS-20s.

To many, however, the President's decision seemed to bring the superpowers closer to the militarization of space and a surge in the vicious spiral between offensive and defensive competition. Here may have been another lost opportunity for arms control. Andropov had called in April for an international agreement banning weapons in space and the Soviet Union circulated a draft treaty at the United Nations. In August, Andropov declared a unilateral moratorium on Soviet launches of anti-satellite devices. The United States showed little interest in these initiatives. The Administration had at least tentatively concluded that on the so-called high frontier of satellite-killers and space-based strategic defenses, it must give priority to catching up where necessary and staying ahead where possible by dint of American technological superiority: here was a lane in the arms race where the United States could win.

Yet even the Administration's top military scientist, Richard DeLauer, Under Secretary of Defense for Research and Engineering, had pointed out on May 18, about six weeks after Reagan's Star Wars speech, that the proposed defensive system could be overcome by Soviet offensive weapons unless it was to be coupled with an offensive arms control agreement. "With unconstrained proliferation" of Soviet warheads, said DeLauer, "no defensive system will work."

Yet at the very time that the Administration decided to press ahead with the Star Wars concept, constraints on Soviet weapons contained in SALT were eroding; and the START negotiations are going nowhere. Moreover, despite Administration disclaimers to the contrary, an all-out research and development program on military space technology would surely bring the United States sooner or later into violation of all the nuclear arms-control agreements still formally in force between the two countries, the 1972 SALT I Anti-Ballistic Missile treaty, which prohibited the development, testing and deployment of ABMs in space, as well as the 1963 Limited Test Ban Treaty and the 1967 Outer Space Treaty.

Thus, on the high frontier, as in the more down-to-earth arena of intermediate-range and strategic offensive arms, the timing of Administration policy was as ominous as its substance was dubious: a buildup of the military competition seemed to coincide with the breakdown of arms control.

Christoph Bertram

EUROPE AND AMERICA IN 1983

The surface was all smiles and harmony. After years of transatlantic distress, the major nations of the democratic West assembled in May in the splendor of Colonial Williamsburg to manifest their unity and their confidence. There were two new faces among the seven heads of state and government, both symbols of a significant political change in their respective countries: West German Chancellor Helmut Kohl, who had replaced Helmut Schmidt in October 1982 and whose party, the Christian Democrats, had just been confirmed by a massive popular vote on March 6, and Prime Minister Yasuhiro Nakasone, the leader of Japan's Liberal Democratic Party and government who, in striking contrast to his predecessors, articulated a newly confident, internationally minded Japan.

Yet, like all family gatherings, the Williamsburg meeting hid more than it revealed. Understandably, none of the participants wanted to spoil the party, and controversy was voiced moderately, if at all. Moreover, Williamsburg celebrated the newly won Western consensus over the controversies of the past: the relief in Europe that a more pragmatic note had emerged in the foreign policies of the Reagan Administration, particularly in its statements on arms control, economic sanctions and East-West relations, and relief in the United States that the allies gave priority to mending relationships within the Alliance instead of repairing those with the Soviet Union.

In this respect as in the political philosophies of its participants, it was a conservative gathering; even the only Socialist in the group, France's François Mitterrand, had been staunchly pro-Western in his foreign policy, and in March had imposed a new program of financial austerity on his country which bade farewell to earlier Socialist experiments and brought his country into line with the prevailing views of his partners.

And yet, as the year was to show, the harmony of Williamsburg was deceptive. Underneath the manifestations of consensus lurked deeper cleavages between the United States and its major European allies, less over specific policies than over the future structure of

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transatlantic cooperation: the nature of the common defense, the role of Western Europe, and the political impact of the economy. This will require more radical, often painful change than the bland harmony of Williamsburg suggested, changes, moreover, to which not only governments but also their publics will have to adjust.

II

On the surface, elections during the year confirmed the old rule that American fashions reach the European shore with an average delay of three years. All over Western Europe, from the North to the South, conservative policies, if not always conservative parties, were on the rise.

In Norway, the conservative minority government of Prime Minister Kaare Willoch succeeded in strengthening its parliamentary base. In Denmark, the Conservative Party had taken over the government from the long-ruling Social Democrats in 1982 and presided over a coalition so shaky that new elections became inevitable in January 1984; in the event the results tended to strengthen the position of Prime Minister Poul Schluter. In Britain, Prime Minister Margaret Thatcher's Conservative Party won its biggest victory since 1945. In Italy, the Christian Democrats suffered losses in the June elections but remained the most powerful group in a new ruling coalition under Socialist Premier Bettino Craxi which, in the foreign and economic arena, continued to pursue policies which confirmed, not negated, the general European trend.

The most significant confirmation of this trend took place in West Germany. Here, a change of government had already occurred in the autumn of 1982 when the coalition of Social Democrats and Free Democrats under Chancellor Helmut Schmidt which had ruled the country since 1969 broke apart and the Free Democrats entered into a new coalition with the Christian Democrats under Helmut Kohl. But it was initially a *renversement des alliances* without electoral blessing. When this came, in the March 6 elections, it was of an unexpected magnitude. Contrary to earlier predictions, the CDU managed to obtain 49 percent of the vote, the Social Democrats, under their new leader, former Justice Minister Hans-Jochen Vogel, suffered their worst defeat since 1961, and even the Free Democrats managed easily to jump the five-percent hurdle that blocks entry into parliament for small political groups. There was also a newcomer: the Green Party of pacifists and ecologists gained 5.7 percent of the vote and 27 seats in the Bundestag, thus bringing into the parliamentary spectrum a grouping that articulated many of the grievances of the young and potentially disaffected.

But the message of the electorate was a clear mandate for the conservatives. In addition to a general wish for change and a reaction to the long-standing quarrels within the Social Democratic Party, the decisive motive was the concern over the economy. Here the CDU under Helmut Kohl was regarded as clearly more competent and more promising than the SPD without Helmut Schmidt.

III

Yet while the state and future of the economy was the central motive and will be the decisive long-term test for the Europe-wide strength of the conservative trend, the immediate test lay in the military field: the NATO program of deploying a total of 572 Pershing II and cruise missiles (in Belgium, the Netherlands, Britain, Italy and West Germany) unless the Soviet-American negotiations on INF (intermediate nuclear forces) achieved an arms control agreement which would limit deployment or even render it unnecessary.

It was this issue that dominated the debate in West Germany, the country which had in 1977 taken the initiative for the NATO "double-track decision" and whose readiness to deploy had now become the cornerstone of the whole program. While the issue played a role in the domestic debate of other West European countries, particularly in the Low Countries, in Scandinavia and in Britain, there was never any question that the outcome would remain marginal to the foreign policy orientation of these countries. In West Germany, however, the question whether or not to deploy the new U.S. missiles became the catalyst for a more profound uneasiness over the future of a divided nation and its role in the international framework which had determined its policies since the end of the Second World War.

It is likely that this uneasiness would have made itself felt with or without the missile decision. After all, West Germany had been going through the decade of the 1970s with a growing sense that the old framework was no longer adequate. The European Community to which Germans had turned in the 1950s with great hopes and expectations had revealed itself increasingly as a combination of agricultural subsidies with a free-trade area, and enlargement by Britain, Denmark, Ireland and Greece had tended further to block the already cumbersome machinery of the Brussels institution. The link with the United States, so central to West Germany's security, had shown marked strains over differences on détente with the East during the second half of the Carter Administration and, in particular, the first two years of the Reagan Administration. Moreover, a growing sense of economic recession and technological lag had undermined German confidence in the recipes of the past decades.

It was not least to allay the doubts in the reliability of the transatlantic partnership that NATO's double-track decision—to prepare deployment and negotiate arms restrictions at the same time—had originally been conceived. But instead of promoting new trust and confidence, both the nature of the program and the political climate within which its implementation was pursued operated against the original intentions. Rather, they produced a major and painful controversy in West Germany which was by no means laid to rest when the Bundestag, in November 1983, after the failure to reach agreement at the Geneva negotiating table, decided to go ahead with the initial deployment of nine Pershing II missiles on U.S. bases in southern Germany.

In retrospect, the double-track decision suffered from two profound political misunderstandings. The first was the belief, shared on both sides of the Atlantic, that nuclear weapons could cure the political crisis of confidence that had resulted from the emergence of nuclear strategic parity between the superpowers and the erratic performance of U.S. foreign policy under the Carter Administration. The opposite is true: nuclear weapons require trust in the security partnership if they are to be politically acceptable; if that trust is absent, they will be seen as disturbing rather than reassuring.

The second, more subtle misunderstanding was the belief that nuclear programs become more acceptable to European public opinion if they are placed in an arms control context. This is partly correct: one of the costly political mistakes of the early Reagan Administration was precisely to express misgivings about the arms control process and to contend that only a strengthened West could induce the Soviet Union to accommodate Western security interests. Deterrence by nuclear weapons will generally only be tolerated by public opinion if it is accompanied by the search for common constraints with the Soviet side. It was precisely to make politically more palatable what was militarily required that the NATO countries in 1979 had made deployment conditional on the outcome of arms control.

And yet, it was the particular way in which one was linked to the other which added fuel to the controversy. Since governments in Europe could always point to the possibility of a deal at the negotiating table, they omitted to make a powerful military and political case for the program, thus creating additional doubts in the public debate over the need to go ahead with the announced measures. And since the negotiations were by definition bilateral, i.e., between the United States and the Soviet Union, the readiness of the major powers to compromise, rather than the state and dynamics of the military balance, became the yardstick for assessing the issue. Instead of making the full program dependent on the outcome of arms control negotiations, the Alliance in 1979 would, therefore, have been better advised to go ahead with minimum deployment while leaving it to negotiations to define the upper limits of the program.

The Soviet Union proved that it was well aware of these political openings and set about to exploit them to the full, particularly after the death of President Leonid Brezhnev in November 1982. Moscow made German public opinion, and the German will to implement the program, the focus both of its public pronouncements and of its negotiating tactics. In the early fall of 1982 the Soviet leadership—with or without the full participation of the ailing Brezhnev—had rejected the compromise sketched out in July by the U.S. negotiator Paul Nitze and his Soviet counterpart Yuli Kvitsinsky on a celebrated "walk in the woods" in the Jura mountains near Geneva—an event which came to public light only after the January 1983 departure of Eugene Rostow as head of the Arms Control and Disarmament Agency. The formula envisaged that both sides would limit their medium-range missiles in Europe to essentially equal ceilings; there would be 75 cruise-missile launcher units with four missiles each based on West European territory, a total of 300 warheads, and Soviet medium-range ballistic missiles capable of reaching targets in Western Europe would be limited to a total of 75, each with three warheads. The West would forgo the deployment of Pershing II missiles altogether, and there would be ceilings also on nuclear-capable aircraft and on Soviet missile deployments in the Asian part of the U.S.S.R.

While the "walk in the woods" formula met with opposition in Washington as well as in Moscow, it soon became clear that the Soviets were going all out for a total ban on all Western medium-range systems. But this was done in a way that tended to reinforce the view held by the growing number of opponents to the Western program in Germany, and which was clearly aimed at them: the Soviet Union, so repeated initiatives by its new leader Yuri Andropov and its Geneva negotiators insisted, sought no more than a balance to the nuclear forces of the two European nuclear powers, France and Britain. Once that principle was accepted, so the Soviet position ran throughout the year, the West could expect considerable Soviet concessions: the modern SS-20 missile force, now numbering around 250 against targets in Western Europe, would be cut to 162 launchers (the number of French and British nuclear missiles, both ground- and sea-based), or even to less if account would be taken of the fewer number of warheads on these systems (calculated at 420 by the Soviets on the assumption that British and French forces were converted in part, as currently planned, to multiple warheads). The excess SS-20 missiles would be destroyed, so the Soviets promised, and not redeployed to Asian sites.

Yet what was made to appear as flexibility, and readiness to compromise, represented essentially a hardening of the Soviet position. Whatever the military logic of the Soviet argument, there can never have been any doubt in the minds of the Soviet leaders that their proposal was entirely unacceptable. Neither for the United States, whose nuclear options in Europe would be severely curtailed, nor for France and Britain (who were adamantly opposed to having their strategic forces limited implicitly by a superpower agreement), nor even for West Germany, which continues to depend on the American nuclear umbrella, was there ever any question that the Soviet plan would be approved if governments alone had the say. The only way for the Soviets to reach their objective was to rely on, and assist, the mounting domestic opposition within West Germany that sought to prevent the deployment.

However, it was already clear on the eve of the March 6 elections that this expectation was becoming increasingly illusory, and the course of the summer and the autumn bore out what was, after all, to be expected. The protesters remained a minority, and while well over 50 percent of the West German population were opposed to the missile deployment, the majority in parliament remained firmly in favor of the program.

Why then did the Soviet leadership, which has never had a tradition of relying for its policy on popular movements alone, fail to adjust its negotiating position to these new circumstances? The answer must, of course, be conjecture. But two explanations are possible. The first is that the Soviets never wanted an agreement in Geneva anyway but instead intended to use the issue to exploit to the full the strains visible in the Western Alliance, both between Europeans and Americans and between West Germany and its major allies. But to deduce motive only from effect has never been entirely plausible in East-West politics. Moreover, if the Soviets never wanted an agreement, why did the experienced Soviet diplomat Mr. Kvitsinsky agree to sketch out a conceivable compromise with Mr. Nitze during their "walk in the woods" in the summer of 1982?

The other explanation is that the Soviets wavered—in 1982 during the last months of the Brezhnev reign, and in the summer of 1983 during the last healthy months of President Yuri Andropov—but that those who favored a more flexible position in Geneva were unable to overcome the opposition of the military and the foreign ministry in Moscow. Indeed, there were signs in mid-1983 that some general progress in East-West relations might be imminent, with both Washington and Moscow toning down their rhetoric; talks between the foreign ministers of both countries were scheduled, a summit meeting between the two Presidents seemed within reach, and both in Moscow and in Western Europe, particularly in the Bonn government of Helmut Kohl, there was reference to the old "walk in the woods" compromise.

But then, on September 1, the Soviet Far Eastern Air Defense Forces shot down a South Korean airliner with 269 people on board. The Western reaction was one of understandable outrage but also of prudence: President Reagan maintained that the East-West dialogue should go on, and even expressed himself in favor of a summit meeting if this should serve Western security interests. Yet the outrage had the effect of closing ranks in Moscow behind the military. Conceivably, a greater readiness on the Western side to attribute the slaughter in the air to military incompetence (which it was) rather than to cold-blooded murder (which it was not) might just have limited the damage to East-West relations—although this would have been a very fine line to tread in the emotional days of early September. Conceivably, too, a healthier Andropov (he disappeared from public view on August 18 and was not seen again in 1983) might have prevented the hardening of views in Moscow and abroad by an early admission of Soviet responsibility—but to retain authority within his own system as well as credibility abroad at a time when Russians saw themselves exposed to severe international criticism would have been a feat of political skill that could have surpassed the ability of even a healthier man than Andropov. At any rate, whatever wavering there may have been in Moscow, it was neither thorough nor durable enough to produce a new flexibility in the Geneva INF negotiations.

It was this which, in the end, led to deadlock at the table and to deployment of the first missiles. It is true that, for most of the two years of the negotiations, the United States, too, had not displayed a high degree of flexibility. Not until late March 1983, a few weeks after the West German elections, did President Reagan agree to move away from the offer he had first made in November 1981: that all Soviet medium-range ballistic weapons—including those in Asia—should be dismantled in exchange for a Western renunciation of the 1979 NATO program. This "zero-zero" proposal had never been either realistic or indeed desirable, since it would tend to foreclose the long-needed nuclear modernization in Europe and instead nail the Alliance to its existing nuclear arsenal, much of it militarily obsolete and conceptually highly doubtful. But Reagan's November 1981 proposal was probably intended less for negotiability than for public opinion in Western Europe, and here it served its purpose for a surprisingly long time. Only in late 1982 was this effect running out, and there was growing pressure from Western Europe, not least from Germany's new Chancellor Kohl, for a more flexible Western position.

The March proposal retained one important principle of the "zero-zero" approach: that warhead levels on both sides should be equal. But it envisaged, for the first time, that a reciprocal ceiling might be found somewhere between zero and 572—the total number of U.S. medium-range missiles in the NATO program. However, it still did not go far enough for many impatient West Europeans, and again it was the Kohl government in Bonn which urged additional American concessions—less perhaps for the purpose of moving the Russians than for that of isolating the domestic opposition that was preparing for a "hot autumn" against the deployment of the first Pershings.

Foreign Minister Hans-Dietrich Genscher and Chancellor Kohl raised eyebrows in Washington by their suggestions, during the summer months, that progress might be made in Geneva if the "walk in the woods" formula were revived, and if diplomatic efforts were made behind the scenes in Washington to remove some of the obstacles that were blocking agreement. But the Pentagon remained adamant that there could be no renunciation of the Pershing II, the militarily more questionable weapon in the NATO package. Instead, the President announced a new set of concessions in his speech at the United Nations in late September. The most important of these was a rather ambiguous offer: if the Soviet Union were to agree to limitations on a global basis, the United States "will not offset the entire Soviet global missile deployment through U.S. deployments in Europe. We would, of course, retain the right to deploy missiles elsewhere."

What made this offer so interesting was its potential for allowing the Soviets to hold a certain number of SS-20 missiles in their Asian territory which would not effectively be balanced by U.S. intermediate nuclear forces (which was the primary intention)—but also for providing a formula that might take into account third-party nuclear forces, such as the French and British arsenals. Yet the Soviet Union did not rise to the bait. The negotiations remained deadlocked, and even a late sounding by Ambassador Nitze on whether the Soviets would reconsider the "walk in the woods" compromise fell on deaf ears.

It was clear by the end of November that no degree of American negotiating flexibility short of a total capitulation to the Soviet demand could have led to a success in Geneva during 1983. And so events took the course which many, not only on the streets of Europe, had sought to prevent for the past four years: the parliaments of Britain and Germany approved the deployment, the first Pershing II arrived in West Germany, and the first cruise missiles arrived in Britain and Italy. The Soviet delegation walked out of the Geneva INF talks and refused to set a resumption date for the START negotiations, and even that long-lasting feature of unsuccessful East-West arms control negotiations, the Vienna talks on conventional force reductions in Europe, adjourned without setting a date for the next round.

IV

While it was likely that some of the arms control talks would resume at some stage, it was clear that the painful and bitter debate over the missile issue had left not only deep scars in Western societies and between Western nations which will take long to heal, but also that it had generated a political dynamic, particularly in Germany, which could profoundly affect both West-West and East-West relations in the future. For it raised again, albeit in a confused and amorphous way, a question that, for all practical purposes, had long been assumed to be closed: the future of Germany.

The dynamics became visible on three levels: on the German domestic scene, in European East-West relations, and in West-West relations, particularly the Franco-German relationship.

The German domestic scene was, on the surface, marked by a good deal of continuity. Not least in order to isolate the opposition to the missile program, the Kohl government had firmly adopted the framework of the Ostpolitik developed by its predecessor and, at the time, heavily criticized by the now governing Christian Democrats. The new Chancellor lost little time in indicating to the Soviet Union that the Federal Republic remained committed to regular contacts, Foreign Minister Andrei Gromyko visited Bonn in January, and Kohl went to Moscow in June to meet Andropov.

Contacts were extended also with East Germany. The Bavarian leader of the conservatives, Franz-Josef Strauss, far from obstructing these efforts, seemed intent on accelerating them by visiting both Poland and East Germany in the summer and promoting new credit facilities for the hard-pressed East German economy.

Yet this unexpectedly enthusiastic endorsement of the Ostpolitik did not stop the decay of what had been, since the early 1960s, the German consensus on defense and security matters. This was due primarily to the shift in the position of the Social Democrats on the NATO missile program. If the party of Chancellor Schmidt had never been enthusiastic on the issue during his reign, once forced into opposition it rapidly sought to dissociate itself from the positions of the past. Ostensibly for health reasons but more because of a premonition of things to come, Schmidt declined to serve again as the party's candidate for the chancellorship in the March elections. His successor, Hans-Jochen Vogel, a serious, dedicated yet lackluster man, increasingly gave way to overwhelming pressure from the rank and file and, with Willy Brandt, finally put himself at the head of those who opposed the missile program altogether. Schmidt fought a lonely fight in a party in which he was increasingly isolated: at the Party Congress in November, only 14 out of 400 delegates supported him in his endorsement of the NATO decision.

But what made the shift of the Social Democratic Party significant was less its opposition to the missiles than the motives and expectations that sustained it. Essentially, Helmut Schmidt was defeated because a majority no longer regarded the political cohesion of the Western Alliance as a sufficient reason for supporting a military program about which they were doubtful. For the first time since the early 1960s, the Alliance argument had failed to carry the majority of the party.

It would be unjustified to claim, as critics of the SPD were quick to do, that this was a radical departure into German neutralism or Finlandization. The party leadership insisted on continuing NATO membership and support for Western defense. However, as the turnaround of the SPD signaled, an important strand in the transatlantic rope had broken. A large section of West German public opinion would no longer toe the line of Alliance policies without misgivings and without questions.

Though most manifest in the case of West Germany's largest opposition party, the new mood was not limited to the Social Democrats. Rather, they epitomized a more general trend in German politics—toward a more Germano-centric, more nationalistic perspective. Even Chancellor Kohl's policies reflected this trend.

Although he moved quickly and successfully to allay the frictions caused by his predecessor's style and self-assurance vis-à-vis the American partner, he nevertheless made clear that he could not be counted upon, any more than Helmut Schmidt, as an automatic, uncritical executor of American orders. In his June visit to Moscow, Kohl not only emphasized that West Germany remained a firm partner of the West but also that the division of Germany was an unnatural, unendurable state of affairs. And it was his government which made strenuous efforts to avoid letting the deployment of the new missiles close the door for détente with Eastern Europe, particularly with East Germany. The French newspaper *Le Monde* caught some of the new spirit in a telling cartoon: across a wall reinforced by missiles on both sides, two Germans get out a bottle and glasses to cheer each other as if nothing had happened.

This was, of course, an optimistic version. At the end of the year it was by no means certain that the "little détente" between West Germany and her Eastern neighbors would survive the frost in the superpower relationship. Yet there were unusual signs that, even in the Soviet-controlled eastern part of Europe, the regimes were somewhat reluctant to fall into line with the armament policies of their big ally. The emotions generated by the missile issue had not stopped at the European divide; a modest peace movement found means of expression in East Germany, and the governments of Prague and East Berlin did not entirely hide their lack of enthusiasm for the Soviet plans to respond to the Western program by deploying new short-range and medium-range missiles on their territory. Yet, in the end this was likely to remain no more than a flicker of insubordination, reflecting more vague hopes than the hard realities of the Soviet-backed regimes in Eastern Europe.

Nevertheless, these developments tended to reinforce a trend in European, particularly German, thinking for which Willy Brandt, now the undisputed leader of the Social Democratic Party, coined the term "the Europeanization of Europe." The old notion of "Mitteleuropa," a zone of political and cultural identity, emerged from the mothballed drawers of history, if not as a concept for today, then as a vague hope for tomorrow.

This was a far cry either from a search for national reunification or from Finlandization. Rather it was a bundle of amorphous frustrations and aspirations expressing more sense of uneasiness with the present than an objective for the future. Yet it sufficed to raise profound concern in some quarters, particularly in France, Germany's closest neighbor. The neo-Gaullism of the German debate, the mass demonstrations against the missiles, the apocalyptic outburst of emotions all brought, to the full, increasing signs of uneasiness from the land of de Gaulle himself.

The French had long assumed that, sooner or later, the issue of German reunification would surface again, and they thus tended to interpret the rumblings in the German security consensus as a sure sign that their latent suspicions were finally being justified. But the very exaggeration of the French media, which eagerly turned the missile debate into a referendum on German neutralism, underlined the security concerns of a country which, for almost 40 years, had taken its neighbor to the east for granted as a docile, quiescent glacis.

The new concern in Paris brought forth new French initiatives: since the Germans needed reassurance, so the argument went, France had to try and provide it. The intergovernmental talks on security and defense matters, which had started under Chancellor Schmidt and President Valéry Giscard d'Estaing, were intensified under their successors in Bonn and Paris. François Mitterrand provided strong verbal support for the NATO missile program in an unprecedented speech to the German Bundestag in January, even at the risk of appearing to weaken France's autonomous position in the NATO Alliance and in nuclear deterrence. And opposition leader Jacques Chirac, during a visit in October, hinted that there might be ways to associate West Germany more closely with the nuclear aspects of European defense.

However healthy these French movements toward a higher degree of security interaction with West Germany, they were nevertheless subject both to clear limits and to erroneous assumptions. The limits were imposed by the French insistence on autonomy in the defense field. The assumptions were erroneous because they exaggerated the trend in Germany. West Germany emerged from the painful missile debate bruised but by no means intent on changing its allegiances. While the antimissile movement had acquired an unprecedented depth and articulation, it nevertheless remained the manifestation of a minority. The efforts within the SPD to prevent the party from drifting into opposition to the Atlantic Alliance reflected this. These were motivated not only by the conviction of the leadership that there was no alternative to NATO, but also by the realization that no party opposed to the security link with the United States would stand a chance with the conservative, security-minded German electorate. Indeed, the governing coalition of Christian Democrats and Free Democrats was firmly in the saddle at the end of the year and likely to remain so for a considerable time to come.

V

And yet, as the German debate and its repercussions indicated, the Alliance was rapidly entering into a period in which the old questions—about the future of East-West relations, the cohesion and strategy of the Alliance, and the role of Europe—would have to be answered afresh. Far from settling these matters, the deployment of the U.S. missiles had posed them anew.

East-West relations: The events of the year had confirmed not merely the sad state of the relationship but also the European suspicion that the Reagan Administration lacked a political concept for dealing with the Soviet Union—apart from relying on the persuasion of its own military buildup. For Washington, progress in East-West relations depended essentially on good Soviet behavior, and cooperation with the other superpower was seen as a reward for such behavior. The European approach was fundamentally different: East-West cooperation was regarded as an inevitable byproduct of the nuclear age, not a favor to be granted but a duty to be pursued. The repeated European references to the Harmel Report of 1967, when the Alliance had formulated its twin concept of détente and deterrence, served to make this point, as did the demonstrations in the streets of Germany; after all, it was to Mr. Reagan's old-time anti-Sovietism that the peace movement owed much of its support.

Washington seemed to have learned from the mistakes of the past to some extent. There was an effort to tone down official rhetoric and to affect a stance more in line with European sensitivities. The most obvious case in point was the lifting of economic sanctions that had been imposed against the Soviet Union. But these U.S. efforts seemed to be dictated less by a concept of Soviet-American relations than by American concern over the deterioration of European-American relations. Unless the Alliance undertakes a major effort to develop a common strategy for dealing with the Soviet Union that incorporates the substance of European views, East-West relations will remain one of the divisive issues of the European-American Alliance, aggravated by Soviet attempts to exploit the rift.

The Military Alliance: The missile debate again brought to the fore inconsistencies and differences over the role of nuclear weapons in Alliance strategy.

In the past, Europeans had tended to view nuclear weapons both as a means of last resort and as an alternative to expensive conventional defense. The United States, on the other hand, had increasingly come to regard nuclear weapons as an integral part of the military effort, designed to provide a spectrum of deterrence across the range of conceivable military contingencies. Both of these approaches were challenged by the missile controversy, and their contradictions revealed: in Europe, the unreasonably high dependence on nuclear weapons for defense; in the United States, the impermissible slide from deterring to contemplating fighting a nuclear war.

Two developments were pressing for a review of NATO's nuclear doctrine. The first was growing skepticism toward nuclear weapons per se in the public debate. Deterrence is only credible if it frightens the adversary more than it does one's own population. There clearly will have to be a reduction in the degree to which West European defense relies on the early use of nuclear weapons if public support for deterrence by nuclear threat is to be maintained. Bowing to these pressures, NATO's Nuclear Planning Group decided in November to reduce the arsenal of battlefield nuclear weapons by 1,400 over the next five years, thus bringing the total down to 4,600—still an unnecessarily high level and no more than a modest step in the right direction.

The pressure for rethinking nuclear doctrine also followed from another aspect of the missile debate in Europe: bruised by the controversy over the Pershing II and the cruise missiles, no European government was likely to approve another nuclear modernization program in the near future.

Such a review would be painful, and likely to introduce new strains into the transatlantic relationship, particularly since the contradictions in nuclear docrine will never be entirely removed. For one, no doctrine can overcome the basic contradiction of extended deterrence—that the United States should be prepared, for the sake of deterring an attack on Europe, to risk its own survival. Whatever the European abhorrence over limited nuclear war, no American president would be willing to find himself in a position in which his only option in case of an aggression in Europe would be an all-out nuclear response.

For another, there were resource limits to a strategy that would rely measurably more on conventional forces for deterrence. In all West European countries, defense budgets were being trimmed to accommodate public expenditure cuts; the rule of increasing expenditure by three percent per annum in real terms, which had been established in 1978, had long fallen into disrespect. Thus, while the argument for strengthening the conventional defense effort—advanced, for instance, by the Supreme Commander of

Allied Forces Europe, General Bernard Rogers, as well as by a series of studies from independent working groups—remained irrefutable, the political will was slow to materialize. Yet, in the absence of such an effort, the Alliance could well find itself, within a few years time, in an unenviable position: its nuclear deterrence eroded by public doubt, nuclear modernization arrested by European objections, and its conventional forces eroded by the lack of funds and personnel.

VI

The most important challenge, however, lay not in these specific military questions but in the task of protecting the European-American alliance against the dangers of drifting apart, dangers which had become more real during the year.

This process was visible on both sides of the Atlantic. In the United States, the new mood of self-confidence and self-reliance which Mr. Reagan exemplified was likely to reduce patience with the difficult European tribes, particularly once it had been realized that the newly found transatlantic harmony of Williamsburg existed on the surface only.

In European public opinion, dismay over Mr. Reagan's political style had already caused concern over the dependence on American power, and a fashionable dissociation from American policies which was likely to become even more pronounced in case of a renewal of his mandate in November 1984. Economic issues tended to aggravate the trend on both sides of the Atlantic: high U.S. interest rates were blamed in Europe for the slowness of economic recovery, and high European subsidies for foodstuffs were blamed in the United States for obstructing the sale of American agricultural products. Inclination and interest, on both sides of the Atlantic, were combining to widen the rift. Moreover, it was likely that the Soviet Union would seek to exploit the situation by appeals to the emerging Europeanism in Western Europe (particularly in West Germany).

The answer to Mr. Reagan's challenge remained a traditional one: greater political cooperation and integration in Western Europe would be needed to assure Europe of a more weighty role in the formulation of Alliance policies. Only this was likely, in the long run, to retain American respect for the partners overseas, European respect for an alliance with the United States, and German reassurance within the collective framework of the West.

Yet the prospects for stronger West European cooperation remained clouded. The European Community, now counting ten members—four more than the original six—displayed its internal weaknesses at the summit meetings of Stuttgart in June and Athens in December, with heads of state and government incapable of cutting a perspective of common interest through the jungle of financial obligations and agricultural subsidies. The European Council, originally invented to provide a framework for policy coordination, had visibly degenerated into a bargaining parlor, as had all the other institutions of the Community. Europe, to judge by the results of 1983, was still a slogan in search of a policy.

But what had been, in earlier years, a disappointment primarily for committed Europeanists, was now becoming a strategic liability for the future of the transatlantic relationship as well as the cohesion of Western Europe. For in the absence of a credible effort at West European unity, the problems of the Alliance that had surfaced during the year seemed destined to fester on, a constant source of irritation and frustration, encouraging rather than halting the centrifugal trends.

As so often in the postwar years, therefore, the future of Western security was challenged less by threats from the East than by political erosion in the West. West Europeans, as usual, would blame the United States if the challenge were not met. In reality, they would primarily have themselves to blame.

Larry L. Fabian

THE MIDDLE EAST: WAR DANGERS AND RECEDING PEACE PROSPECTS

American peacekeeping turned into American bloodletting in 1983. More than any event since the war and oil embargo almost exactly ten years earlier, the October 23 suicide bombing of Marine headquarters in Beirut brought the Middle East conflict home directly to vast numbers of Americans stunned by the carnage that eventually claimed 241 lives—more casualties than in any other single incident since the 1968 Tet offensive in Vietnam.

The terrorist attack that Sunday morning was a pivotal event of 1983 for American policy. It symbolized the year's shift in Washington's agenda, away from the overall Arab-Israeli peace process and toward the acute dangers of the deepened Lebanese morass left in the wake of Israel's invasion of that country in 1982. It signaled, as later developments would confirm, that the United States was edging toward military confrontation with Soviet-backed Syria, which Washington charged with complicity in the bombing attack and which had become Washington's principal adversary in a struggle over the future of Lebanon. It severely strained the uneasy consensus in the United States behind policy in Lebanon, particularly the decision to keep the Marines there, and by year-end the consensus cracked wide open.

America's longstanding policy toward the Arab-Israeli conflict had been fashioned by then-Secretary of State Henry Kissinger during the tense, waning days of the 1973 Middle East War. Underlying this policy were three premises deceptively simple to state but monumentally difficult to convert into practice: America's supreme national interest is to avoid an Arab-Israeli war that embroils the superpowers; an American-brokered negotiating process promising the Israelis peace and security and the Arabs the return of territories lost in 1967 must be the engine of Middle East peacemaking; this peace process must eventually embrace, or appear to hold out the prospect of embracing, Israel's relationships with Egypt, Jordan, Syria, and—somehow—the Palestinians.

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When Ronald Reagan went before a national television audience on September 1, 1982, to unveil his celebrated peace initiative, he confirmed and embellished this inherited American peace policy, explicitly invoking, as he rarely did, continuity with the foreign policies of his predecessors. Although he had badly neglected the peace process for a year and a half while chasing the phantom of an Arab-Israeli strategic consensus against the Soviet Union, he now outlined a more precise and categorical vision of how to deal with the Palestinian problem than any American President had ever dared before. While rebuilding a war-devastated Lebanon, the President said, American energies would also be turned toward getting Israel, Jordan and the Palestinians to agree that the West Bank Palestinians be given self-government in association with Jordan. Israel must freeze the burgeoning Jewish settlements on the West Bank and renounce any claim to permanent control. Palestinians must set aside their goal of an independent state and find a way to work with Jordan. Jordan's King Hussein must do what he had refused to do since Camp David. He must join the peace process: not only join it, but become its linchpin.

The President referred to Lebanon only in passing during his landmark speech. Washington's conventional wisdom at the time was optimistic, in retrospect hopelessly and inexplicably so. Foreign troops would evacuate Lebanon soon—before Christmas, some senior Administration officials said. Evacuation, they hoped, would create an opportunity for Lebanon's leaders to reassert control over portions of the country vacated by the Israelis, the Syrians, and the Palestinians who remained after the enforced departure from Beirut of PLO leader Yassir Arafat and his main fighting forces.

But optimism on this score receded sharply as it became clear that Israel was reluctant to withdraw unless it could nail down maximum gains from its war in Lebanon, and that Syria would not withdraw before the Israelis. Syria had told American negotiators in October that Damascus agreed in principle to the idea of Israeli-Syrian troop withdrawal. Achieving withdrawal of foreign forces from Lebanon became, therefore, Washington's second broad objective, in tandem with the effort to move forward with the President's larger peace proposal regarding the West Bank.

When their moments of truth came in 1983, both the Reagan peace plan and the American effort to bring about withdrawal of foreign forces from Lebanon evaporated into mirages; it became a year when nearly everything that could have gone wrong with Washington's Middle East diplomacy did go wrong. Hostage to the crisis in Lebanon, brushed aside defiantly by Israeli Prime Minister

Menachem Begin, rejected by the PLO, and fatally weakened by Jordan's refusal to negotiate without official Palestinian sanction, the President's initiative collapsed by mid-April.

By then, too, Washington had spent six months trying to find a key that would open the door on the troop withdrawal issue in Lebanon. In an important shift in strategy at the end of 1982, the United States invested its main energy in trying to get Israel and Lebanon to reach an agreement that was supposed to be a prelude to the withdrawal of all foreign forces. This new approach relegated Syria to the sidelines, where it presumably was supposed to remain until an Israeli-Lebanese deal was sealed that would enable Damascus to come on board. After the collapse of the President's peace initiative, the United States redoubled its efforts in Lebanon. Secretary of State George Shultz went to the region and brought back in May a Lebanese-Israeli agreement, but it quickly became and remains as much a part of the problem as of the solution in Lebanon.

As the Lebanese impasse hardened, Washington expanded its political and military commitments to Lebanese President Amin Gemayel's fragile government, accelerated its programs of training and assistance to the Lebanese Army, and made clear in a variety of ways its determination to put U.S. prestige and credibility behind the survival of Gemayel's government as the legitimate instrument of a unified and independent Lebanon. Yet, as the year progressed, such a Lebanon seemed always beyond reach and, for the most skeptical observers of that country's politics, perhaps even beyond imagination.

Darkening not only the Lebanese scene throughout, but also the larger Middle East setting that shaped prospects for the Reagan peace plan, was the shadow of Syrian President Hafez Assad. No development in 1983 had so surprising, so dramatic, or so large an impact on American policy objectives as Syria's masterful resurgence as a political and military force in the region.[1] Humiliated by his military defeat at the hands of Israel in the summer of 1982, Assad turned to the Soviet Union and put as the first order of business the rebuilding of his devastated military arsenal at a pace and to a level that turned out to be staggering. Moscow provided some $2.5 billion worth of equipment, roughly double what had been lost during the 1982 war, and including advanced fighter aircraft and tanks in numbers exceeding what had been destroyed by the Israelis. It also provided Syria with sophisticated surface-to-air missiles; 8,000 Soviet personnel—most of them to man these

[1] Robert G. Neumann, "Assad and the Future of the Middle East," *Foreign Affairs*, Winter 1983/84, pp. 237–256.

air defense installations and related communications centers, the rest to train Assad's army—and a number of surface-to-surface missiles possessing greater accuracy—though not longer range—than any previously in the Syrian inventory.

Although several more years, at least, would be needed before the Syrians could absorb and master the newest high-technology matériel, the powerful momentum of the Soviet supply effort and the formidable military prowess that it augured for Syria in the not-too-distant future no doubt emboldened Assad's shrewd, high-risk diplomacy during 1983. He broke Arafat's control over a unified PLO and brought a portion of the Palestinian movement under Syrian control. He did much to sabotage the Reagan peace initiative, torpedoed the Israeli-Lebanese agreement, gained a stranglehold over the process of national reconciliation among Lebanon's contending political forces, and served notice that he would no longer be odd man out of any serious dimension of Middle East diplomacy, whether in Lebanon or beyond.

For the Soviet Union, the Syrian connection is the only remaining window of opportunity and influence in the Middle East. But the Moscow-Damascus relationship remained a wary one, as it had been since they reluctantly consecrated their treaty relationship in 1980. During 1983, Moscow disapproved strongly of Assad's campaign against Arafat, and the Kremlin reportedly encouraged Syrian caution in the increasingly dangerous confrontation with the United States. Assad knew, for his part, that however much Moscow might relish Syria's success in thwarting American aims in the Middle East and in intensifying pressures that might lead to removal of U.S. troops from Lebanon, the Soviet Union did not countenance the sort of adventurism that would draw the superpowers into a direct confrontation.

By the closing months of 1983, American diplomacy was forced to concentrate mainly on containing a severely deteriorating situation in Lebanon. Moreover, it was a diplomacy that became increasingly muscular, backed by ever more menacing firepower from American naval and air forces in the Eastern Mediterranean, and coupled with strong doses of sometimes apocalyptic Presidential rhetoric in the White House.

The initial spasm of new violence in September was triggered by the withdrawal of Israeli troops from the volatile Shouf mountains around Beirut: the resulting vacuum provided Syrian-backed opposition to the Gemayel government an opportunity to launch a serious, frontal military challenge. From the time American naval guns provided their first direct support for Gemayel's government forces in September to the most serious escalation in December, when U.S. planes hit Syrian positions in Lebanon in retaliation for Syria's attack against American reconnaissance aircraft, the stakes for the United States had risen starkly. And America's military options in Lebanon had not been enhanced by Washington's dramatic refurbishment of a so-called strategic cooperation with Israel, which it hoped would weigh against Syria and its allies in Lebanon. Israel, although eager to repair its tattered relationship with Washington, set modest limits on its willingness to do Washington's bidding in Lebanon, where Israel's own disastrous and misguided adventures in 1982 traumatized its public and destroyed the formidable Menachem Begin.

The huge Marine casualties, signs of numbing political stalemate in the Lebanese reconciliation process, the clear determination of Syria to use force to assert its control over Lebanon, the risks of greatly enlarged conflict with Syria, the ominous and combustible proximity of American and Soviet troops in the region, the magnified dangers in this proximity because of the abysmal state of Soviet-American relations—all posed the gravest challenges to American strategy in the region. For, paradoxically, none of Washington's more assertive military actions dampened the impression that Washington was at the mercy of events in Lebanon rather than in control of them—and that, in the end, Syria might have time on its side.

Nor did the strands of American foreign policy seem to fit together very well for an American public that grew steadily more confused and anxious, even less so for the President's political advisers, who worried that Lebanon might become Reagan's Achilles' heel in the upcoming election year. Public support for the President's decision to keep the Marines in Lebanon after the October slaughter was initially strong. But it declined thereafter and at no time was it based on any clear understanding of what the Marines were there to do or of how, with honor, they were going to get out. These questions, more than any others, were paramount for the American public and Ronald Reagan at the end of a year of relentless seige and deepening jeopardy for U.S. policy in the Middle East.

II

The soul of the Reagan peace plan of September 1982 was a gamble on Hussein: that he would challenge a reluctant and suspicious Israel with a genuine negotiating option, that he would be Washington's lever against an Israel whose Likud government was determined never to relinquish the West Bank. Periodically between 1967 and Begin's election in 1977, in secret and in public, directly and through intermediaries, Hussein and successive Israeli leaders had tried to come to terms about the West Bank and failed utterly. Now Washington wanted to tease Hussein into taking the plunge once again, despite long odds and grave personal and political risks for the King.

In the aftermath of the 1982 war, Washington believed the time was ripe. The PLO was weakened and its embattled leader Yassir Arafat was presumably more pliant, his military option gone, his political options dwindling. Syria's humiliation in the war had diminished the likelihood of Syrian or Soviet mischief-making, and Syria was further hampered by its isolation in the Arab world over its support for Iran in the Gulf war. Begin would not last forever, and Israel's public and Labor Party opposition, Washington believed, might be amenable to compromise over the West Bank. The Israeli-Palestinian war in Lebanon must now become the basis for an Israeli-Palestinian peace.

And Hussein seemed ready. After giving the Reagan Plan a qualified endorsement, Hussein met with Arafat and began what seemed to be a promising, if tentative, effort to work out a common approach to negotiations about the West Bank. In effect, such an approach would have reversed the Arab world's Rabat decision in 1974, which gave the PLO the exclusive right to represent the Palestinians in any peace negotiations. Most important, Hussein was greatly encouraged by the results of his critical talks with Ronald Reagan in Washington at the end of December 1982.

"We'll be partners for the next six years," Reagan reportedly told Hussein. He secretly pledged to try to halt Israeli settlements on the West Bank and Gaza if Jordan simply offered to join the peace talks. Reagan promised that the United States would telescope the negotiating process, to avoid the lengthy haggling that had killed the Camp David autonomy negotiations in 1979–81. And he promised sophisticated weapons, including F-16 aircraft—knowing what was until October 1983 a tightly held secret, namely that the United States and Jordan had been working for several years to outfit a Jordanian mobile strike force for use in the Persian Gulf, mainly in the event of internal threats to conservative Arab states emanating from Iran or from domestic sources of instability.

Though reassured, Hussein nevertheless was stalked by a long history of disappointed reliance on the United States. President Lyndon Johnson had promised him in 1967 that Israel would be out of the West Bank within six months. Kissinger, soon after taking the helm at the National Security Council, had initially been convinced that the first step toward peace should be an Israeli-Jordanian deal, but he changed his mind after realizing how problematic an Israeli consensus would be, especially regarding the status of Jerusalem—an issue that could not be avoided in any West Bank negotiations. Kissinger tried in 1974 to make a West Bank agreement palatable to Jordan and Israel, but the gap between the paltry terms offered by Israeli Prime Minister Yitzhak Rabin's weak and divided government and Hussein's maximal demands could not be bridged. Because Camp David gave the King so few incentives to join the peace process—he was neither consulted in advance nor present at the summit negotiations that assigned Jordan a principal role in the proposed autonomy talks—Hussein opted out and stayed out.

Hussein's hopes faded quickly. Even at the outset of 1983, it was clear that Washington was not going to succeed in getting Israeli, Syrian, and PLO troops out of Lebanon on anything like the optimistic schedule originally anticipated. By miscalculation and default, Reagan had encouraged a linkage between the peace plan and progress in Lebanon; and in their own way Hussein and other Arab leaders had too, by insisting that the peace process could not get under way until Washington demonstrated its credibility in Lebanon. It was a trap that victimized the Reagan initiative throughout early 1983. Those who controlled events in Lebanon, especially Israel and Syria, were given a veto over the peace initiative, which they both opposed vehemently. Presidential assurances were not followed by urgent diplomacy from Washington to keep the Reagan initiative alive.

Israel meanwhile accelerated its plans for new settlements on the West Bank, no doubt intending a message aimed as much at Washington as at Hussein. Hussein knew, of course, that by the spring of 1983 the election of 1984 would become a factor in the United States; he was convinced that it would not be the political season for the sustained American pressure on Israel that would be required for making genuine progress on a revived peace process. During early 1983 Washington's credibility in Hussein's eyes seemed to dissolve on all counts. Then Arafat's ability to bring along his own constituency became more and more in doubt, and in the end, this was the factor that brought the Reagan enterprise to a halt.

Arafat's room for maneuver was narrowed not only by well-known and rather predictable divisions within the Palestinian movement, but also by Hafez Assad's fresh determination to end Arafat's stewardship over the PLO and to bring a chastened PLO under complete Syrian control. Soon after the end of the 1982 war in Lebanon, as Arafat began testing the waters with Hussein and showed open signs of willingness to join a negotiating process, Syria's anger at the PLO leader became more pointed, more public, and more threatening. Damascus openly challenged Arafat's legitimacy as PLO leader in the fall of 1982, then gave its apparent blessing to anti-Arafat Palestinian terrorists led by PLO renegade Abu Nidal, and finally helped to promote a portentous split that was developing within Arafat's own Fatah organization. The links between the Fatah dissidents and Syria were already active early in 1983 and they matured throughout the year.[2] The dissidents were deeply rejectionist in their overall thrust, opposed to negotiations on the basis of any peace plan, committed to military action against Israel, and unwilling to contemplate any dealings between Arafat and Hussein.

The PLO leader's first major test came in mid-February at a tumultuous session in Algiers of the 350-delegate Palestinian National Council, representing Palestinians from around the world and meeting for the first time in nearly two years. Deep ambivalence about the Arafat-Hussein talks among the organizations making up the PLO was obvious during the wide-open debates at the PNC. The council—usually responsive to Arafat's wishes—waffled in its formal resolutions, neither giving Arafat his head nor reining him in. The Reagan Plan was not rejected explicitly and unequivocally, but neither was it endorsed as a basis for negotiations. Arafat's talks with Hussein could continue, but no bargain could be struck unless the PLO represented the Palestinians, and unless the negotiations were based on the right of the Palestinians to self-determination, including the right to set up an independent state before deciding whether to confederate with Jordan—all conditions which stood at the heart of the Fez plan adopted by the Arab Summit in September 1982 and intended as a unified and basically affirmative Arab answer to the Reagan initiative.

Arafat, acting as if he had been vindicated at the PNC meeting, proceeded into the final frenzied weeks of his maneuverings. He tried to outflank Hussein elsewhere in the Arab world, hoping to get a better deal than Hussein was likely to give him in Amman. He repeatedly postponed face-to-face negotiations, while warning Hussein not to go forward without PLO approval. Hussein insisted that time was running out, and reportedly said that he might have to approach West Bank Palestinians without Arafat. He made it clear to Arafat that responsibility would fall on his shoulders if this negotiating opportunity passed and the West Bank slid further into Israel's grasp.

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[2] See Eric Rouleau, "The Future of the PLO," *Foreign Affairs*, Fall 1983, pp. 138–156.

The showdown came at the beginning of April in ten hours of private negotiations between Hussein and Arafat. When it was over, what was striking was not their failure but rather how close they had come to success. The talks foundered over predictable issues: could Jordan speak for the Palestinians? Would the Reagan Plan alone be the centerpiece at the negotiating table? Hussein and Arafat reached agreement, and a joint announcement was drafted, answering both questions in the affirmative and indicating that Hussein would lead a negotiating delegation including PLO-approved Palestinians not themselves members of the organization. Hussein signed, but Arafat backed away at the last minute, claiming that he needed time, a couple of days, to clear it with the rest of the Palestinian leadership. The PLO leader never returned to Amman, for he was decisively repudiated, for the first time ever, by both the PLO Executive Committee and the Central Committee of Fatah.

To preserve the unity that he had always put uppermost over diplomacy, Arafat retreated—a fateful choice, for by the end of the year his organization was shattered by the Syrian-backed mutiny and Arafat ended up with neither unity nor diplomacy. Even before his negotiations with Hussein were officially broken off, one of Arafat's most moderate associates was gunned down in Europe, a killing widely interpreted as a Syrian-sponsored warning to Arafat. Later the same day, April 10, Hussein released a remarkable, sharply worded 11-page document defending his efforts historically on behalf of the Palestinians of the West Bank, blaming the collapse of the talks on Arafat, and saying that the PLO was now responsible for saving the West Bank. Hussein did not reject the Reagan Plan, and still has not done so. But the Jordanian-Palestinian rivalry, fed by passionate historical animosity and reflecting deeply divided political perspectives about the West Bank, had devoured an opportunity to throw down the diplomatic gauntlet to Israel.

III

Virtually unnoticed on that same April 10 was an event that symbolically confirmed the collapse of the second gamble implicit in the Reagan Plan—the gamble that Israel's apparently relentless drive to absorb the West Bank could be stemmed by the President's peace initiative, and eventually reversed by a successful negotiating process. Begin's last word on these matters, Reagan was wagering, might not be Israel's. On the day that Hussein released his statement, Israel announced its decision to publish the most ambitious plan ever sanctioned officially by the Israeli government for encouraging Jewish settlers to move to the West Bank. The settlements issue was to become the measure of Washington's ability to press Israel for concessions and the measure of Israel's determination to resist. Moreover, as some of the President's best-informed advisers knew, the evidence had been accumulating throughout 1982 that the Israeli government was planning a bold and innovative new approach to the settlements. When these plans went into high gear in 1983, Israel's unequivocal rebuff to the Reagan Plan was sealed not merely with words but with bulldozers and bricks and mortar and macadam that together are remaking the map of the West Bank.

Released at a time when some 27,000 Jewish settlers were already living in nearly 100 settlements on the West Bank, the new five-year plan envisages 57 new settlements and as many as 100,000 more settlers in the 1980s. The novelty of the plan, however, is not in its numbers, but in the new breed of settlers that will transform the plan into reality. Settlers who are suburbanites, not zealots. Families seeking a good life, not activists seeking ideological or religious satisfaction. Workers commuting from planned communities to jobs in Jerusalem and Tel Aviv, not pioneers motivated by Zionist attachments to the land and willing to scratch a subsistence out of barren hillsides. Israelis who are eager to escape the high costs and congestion of their country's metropolitan areas, not patriots convinced that their new planned communities will bolster Israel's security. Indeed, these are Israelis who believe that Israel without the West Bank is even now unthinkable, who believe that there is no longer reason to forego personal or family comfort for the sake of politics or principle, who believe that the combined impact of 16 years of Labor and Likud policies on the West Bank has forever erased the once-clear "green line" that divided pre-1967 Israel from the land of Biblical Judea and Samaria.

Israeli settlements are but the surface manifestations of a vast and often esoteric network of security, political, and socioeconomic policies that have tightened Israel's grip over the West Bank and the Gaza Strip since 1967, embracing all aspects of daily life for the million-plus resident Palestinians, as well as all-important dimensions of planning for the future of these occupied lands. Over the years Washington's ritual protests against the settlements have produced dreary testimony to American ineffectuality and Israeli tenacity. The State Department first protested against the settlements in the summer of 1967, soon after the first new dot or two began appearing on the West Bank map, and regular protests followed. Kissinger, in the mid-1970s, rather than condemning the settlements at every turn—this, when there were fewer than two dozen of them on the West Bank with a couple of thousand settlers—simply said they were not important to his ongoing diplomacy. "I don't see those installations," he once said in reference to the West Bank settlements. "They're transparent. I look right through them. When the time comes for me to open my dossiers on Golan and the West Bank, I shan't let them impede a settlement. When the time comes, the President will prevail on the Israelis to withdraw." For Jimmy Carter, the years of Camp David thrust the settlements issue into unprecedented prominence, but it was Begin and not Carter who prevailed.

Now it was Ronald Reagan's turn. He did more than merely call for a settlements freeze in his peace initiative. Immediately after his speech he instructed the American Ambassador in Israel to convey to Begin a message that was political dynamite: the United States would not support the continuation of the settlements as extraterritorial outposts in a negotiated settlement. Begin's rejection of the initiative was coupled with announcements of new settlements, which his key deputies called Israel's "answer" to the Reagan Plan. And despite continuing evidence of Reagan's displeasure over the rebuff on this issue—displeasure shared in some measure by some of Begin's political opposition in Israel and by many within an American Jewish community seriously divided about Begin's West Bank line—Begin did not let up on the settlement push.

In January, the Israeli government launched a conspicuous television, radio and newspaper advertising campaign to boost the new settlement drive. In April, at about the time the new five-year plan was released, the government sponsored, outside Tel Aviv, a public exhibition that brought tens of thousands of Israelis to view booths and displays offering attractive flats, land deals, subsidized financing arrangements, and a glimpse of the new world awaiting them on the West Bank.

In the final hours of the Hussein-Arafat talks, Washington tried to avert their breakdown by going public with the President's earlier private pledge to Hussein promising an American effort to halt the settlements if Jordan agreed to enter negotiations. Israel promptly dismissed the move for the tactical expedient that it was, and yet another round of reaction and counter-reaction came to an end.

With that, Israel proceeded on schedule with plans to complete new clusters of settlements key to the early progress toward the goals outlined in the five-year plan, and by the end of 1983 the settler population on the West Bank had increased approximately 10,000 over what it had been at the outset of the year.

Israel's ongoing West Bank and settlement policies now pose an immense challenge to American policymakers. First, important elements of those policies have been consciously framed in the past five years to limit the scope of any Camp David autonomy agreement that might be negotiated, in effect to preempt the possible outcomes that the autonomy negotiations of the late 1970s and early 1980s were intended to hold open, at least in the American view. Second, the sheer scale of the new settlement plans will make their ultimate success dependent indirectly on the continuation of present American aid levels to Israel. For the settlements push will now become, in economic terms, one of the largest claims on the scarce resources of the grievously stricken Israeli economy, which sank into deep crisis in late 1983. No one doubts that Israel's economy, more than ever before, can only manage with large infusions of U.S. assistance. Third, the historical momentum of the changes on the West Bank is now so powerful that it has become a political fact in its own right, intertwined with arguments inside and outside Israel about whether the process of absorption has become—in a practical sense—irreversible.

The point of no return is fast approaching; that much is sure. The closer it gets, the more the trends on the West Bank make a mockery not only of the Camp David formula but of the Reagan Plan or of any other blueprint purporting to promise an end to Israeli control. They make a mockery of claims that Israel is settling the West Bank because it wants to encourage the Arabs to negotiate, or that Israel is planting new settlements for security reasons. They make a mockery of the declared platform of Israel's opposition Labor Party and that of Israel's small but vocal peace movement, both of which profess to offer West Bank compromise as a realistic security and political option, or as a moral imperative. They make a mockery, as well, of the hopes of all those supporters of Israel in the United States who genuinely want to believe that a peaceful future for Israel based on an accommodation with the Palestinians and the Jordanians is still achievable.

IV

Ronald Reagan's third gamble in his peace initiative was the hope that the diplomatic spotlight could be kept pointed at the West

Bank and the Gaza Strip, which had become the focal issue for Washington's Arab-Israeli diplomacy since Camp David. This gamble, too, was lost—almost immediately—in the chain of events following the mid-September massacre of Palestinian civilians in the Sabra and Shatila camps, by Phalangist militia operating in Israeli-occupied West Beirut, and by the worsening Lebanon imbroglio. Developments in Lebanon did more than smother the Reagan Plan. They pushed the country closer to partition, provoked a devastating political and leadership crisis in Israel, provided Syria with ample opportunities to reverse its fortunes, and triggered erratic swings in U.S. relations with Israel. Above all else, Lebanon sucked Washington into deeper and increasingly unmanageable commitments, throwing American Middle East policy away from the central issues of Arab-Israeli peace and war, and into the multiple crises of a country that had never been a confrontation state.

The architect of Israel's invasion of Lebanon was also the architect of Israel's immediate postwar diplomacy concerning Lebanon. Israeli Defense Minister Ariel Sharon wanted to dictate to Lebanon a peace settlement that would justify in Israel the tragic and costly war that he had engineered. Sharon envisioned a so-called new order in Lebanon, a Maronite Christian-dominated state led by Bashir Gemayel and allied with Israel. And, as nothing less than a self-appointed nemesis for Washington, Sharon also wanted to demonstrate that Israel did not need Washington as an intermediary in Lebanon, or concerning the West Bank.

The United States, on the other hand, while committed to a settlement that would preserve Israel's security on its northern border, sought to maintain for Lebanon a freedom of maneuver enabling it to remain in an Arab rather than an Israeli orbit. In Washington's view, this objective required an independent and unified Lebanon resistant to Syrian domination, retaining the confidence of its mainstream Arab backers, and prepared to reform long-obsolete Christian and Muslim power-sharing arrangements—so that there could be an end to the wretched civil war that had savaged Lebanon for nearly a decade.

While some Israeli leaders sensed that the assassination of Bashir in September 1982 ended Sharon's dream, the tenacious defense minister proceeded to stake out his maximum claims on Bashir's successor, his elder brother Amin, narrowing the room for compromise with Muslim and leftist forces that had initially endorsed Amin's presidency and on whom he depended for support in negotiations to get Israeli troops out of Lebanon. Sharon insisted on a fundamentally political agreement with Lebanon, a deal as close as possible to a full and firm peace treaty, coupled with a strong Israeli security presence in southern Lebanon. Amin, with Washington's encouragement—encouragement that drew harsh public criticism from Sharon—held out for a much more limited agreement than Sharon wanted, one that went some distance toward meeting Israel's security needs but that remained military in character and aimed above all else at bringing about Israeli and Syrian withdrawal. The broad lines were thus drawn for the first phase of diplomatic skirmishing in late 1982 and early 1983.

By the time U.S. Ambassador Philip Habib was able to nudge Israel and Lebanon into face-to-face negotiations during the final days of 1982, Washington's original timetable for withdrawal had already slipped. The talks were deadlocked first by diversionary haggling over minor issues and then by serious substantive disagreement. In Lebanon's Shouf mountains, serious fighting erupted between Druze forces and Phalangist militia who had entered the traditionally Druze and non-Phalangist Christian area on the coattails of Israeli invaders. The Israelis remained interposed between the warring factions and astride the Beirut-Damascus highway. Sharon was convinced that only by holding positions in such threatening proximity to the Syrian capital could Israel persuade Assad to withdraw from Lebanon.

In Israel, the wrenching crisis following the Sabra and Shatila massacres was coming to a head as the independent inquiry commission led by Supreme Court Justice Yitzhak Kahan prepared to release its findings in 1983. And in Washington reports circulated that charged Israel with stalling on the withdrawal negotiations not only to deflect attention from the flagging peace initiative but also to await the release of the Kahan report. U.S.-Israeli tensions accumulated. The White House openly opposed increases in aid to Israel. Hints were dropped that Begin was not welcome in Washington until there was progress in Lebanon. Sharon secretly met with his contacts in Lebanon to end-run Washington's mediation. Much-publicized frictions pitted American Marine peacekeepers in Beirut against Israeli soldiers still occupying portions of the city.

The February report of the Kahan commission placed squarely on Sharon the brunt of the blame for failing to prevent or to stop the massacre, and recommended that he resign, or failing this, that the prime minister consider removing him. Reluctant to force him out of the Cabinet entirely, Begin made him a minister without portfolio and replaced him with Ambassador to Washington Moshe Arens. Arens had a distinctly different agenda in Lebanon. He wanted to repair frayed ties with Washington. He was not saddled with Sharon's overwhelming need to justify the war in Lebanon. He was more sensitive to Israel's domestic malaise, which worsened as continued involvement in Lebanon promised only more casualties, declining political gains, unprecedented dissent at home, and indefinite occupation in what was coming to be called Israel's North Bank. Arens, therefore, backed away from Sharon's most ambitious demands, but he and the Cabinet laid out a tough position: special Israeli security arrangements in southern Lebanon; a continuing role there for Major Haddad, Israel's surrogate and local ally; and normalization with Lebanon that would include cross-border flows of people and goods. Washington signaled its frustrations with Israel by withholding shipments of F-16 aircraft, saying they would not be delivered until Israel left Lebanon. The negotiations dragged on into the spring, until Washington moved decisively to break the logjam.

Washington's new activism was born of great impatience, even a touch of desperation, fueled not only by the stigma of hobbled diplomacy but also by indications that the Marines in Lebanon might be exposed to a growing vulnerability that they could neither avoid nor eliminate by force of arms. The core of the problem was the ambiguity of the mandate for the Marines. Originally sent to Beirut in August 1982, along with French and Italian peacekeepers, to oversee the departure of PLO fighters from the city, the Marines did their job and left promptly in early September. In the aftermath of the massacres in the Palestinian camps that same month, the Marines were sent back at the request of President Amin Gemayel, who had just succeeded his murdered brother, Bashir.

At the time, Reagan reported to Congress that the Marines would be needed only for a limited period, that there was no expectation or intention to involve them in combat responsibilities, and that the Marines would be operating in an essentially non-hostile environment, risking at worst isolated acts of violence but assured that the armed factions in Lebanon would not interfere with the peacekeepers. The purposes of the Marine deployment were stated generally by Administration officials: to assist the government of Lebanon and the nascent Lebanese Army in carrying out their responsibilities in the Beirut area, and to help further the overall objective of restoring the sovereignty, political independence, and territorial integrity of Lebanon. These assumptions shaped the original understandings of America's partners in the peacekeeping force, once again the Italians and the French, joined in early 1983 by the British.

For many months the 1,200 Marines stationed at Beirut's international airport performed their mission without major incident. But in March 1983 came the first direct attack on members of the Marine contingent; other evidence also suggested the beginning of a possible campaign to force the peacekeeping contingents out of Lebanon. In mid-April, a car bomb demolished the U.S. Embassy in Beirut. Congress was becoming nervous about the role of the Marines. The Hussein-Arafat talks had collapsed. If Reagan's Middle East diplomacy was to show results, they would have to come in Lebanon. So the President dispatched George Shultz on April 22 on his first trip to the region, with a mandate to bring home an agreement. Before leaving Washington, Shultz let Arens know that the White House would be prepared to reward Israeli flexibility with a more forthcoming attitude toward pending military and economic aid issues.

By May 17, Shultz had shuttled his way to an agreement; two days later it was already a dead letter. The fatal flaw was miscalculation of the Syrian factor. The agreement between Israel and Lebanon was very generous to Israel. It ended the state of war between the two countries, established liaison offices to conduct diplomatic relations, and set a six-month deadline for opening negotiations on normalization, while de facto normalization would meanwhile be maintained. A security belt stretching 28 miles into southern Lebanon was delineated, within which joint Israeli and Lebanese patrols would operate for at least two years. Tacitly, an important role for Haddad and for his forces was preserved, in future security arrangements in the south. Eight to twelve weeks after the agreement took effect, Israel would withdraw all of its troops. The hitch: there was no provision indicating when it would go into effect, and Israel had always insisted that it would not withdraw independently of Syrian and PLO withdrawal. Syria, in other words, held the veto. It was an agreement, as Israel's Abba Eban would say, that had non-implementation built into it.

Syria had never specified exactly the conditions under which it would withdraw if Lebanon and Israel reached an agreement, though its general and always vague assurances of late 1982 were, as months passed, hedged with conditions that left Assad a wide open door for refusing to go along with a deal that he did not like. Moreover, Syria's resistance became more likely, as well as more credible, as its military capabilities grew. In early January Syria had warned that no agreement could be carried out without its consent, and that Israel must not be allowed to realize political or military gains in return for agreeing to end its occupation of Lebanon. In the months that followed, Assad branded Israel's evolving terms as capitulationist.

Habib chose to assume that these objections were for the record only and that Syria would in the end leave Lebanon if Israel did likewise. The Saudis and other Arab players encouraged Habib's expectations.

But when the pact was sealed, Syria's rejection was unequivocal. Assad encouraged his allies in Lebanon to coalesce against it. He imposed sanctions on Lebanon. He received Shultz in Damascus only to give him an unvarnished statement of Syrian opposition to the Secretary of State's handiwork. He thereafter officially declared Habib persona non grata, ending his effectiveness as Reagan's Middle East envoy.

A carbon copy of Camp David—so went one of the Syrian charges against the withdrawal agreement. For Assad, the comparison was not mere rhetoric. True, Syria has historical ambitions in a Lebanon that it regards as part of Greater Syria—ambitions fed by the Syrian leader's aspirations to a position of leadership in the Arab fold. True, Syria's opposition to the agreement was buttressed by its judgment that Israel's resolve in Lebanon was weakening, that Amin Gemayel's power was shaky, and that the United States seemed on the defensive. True, the Assad regime, resting on a minority Alawite base vulnerable to internal and external pressures, wanted to make sure that Lebanon would not become an arena for anti-Syrian activities by opponents of the regime.

Yet it was also true that Assad wanted to underscore as firmly as possible that he would no longer be shunted aside in Middle East diplomacy, left to face Israel alone as happened after the second Israel-Egyptian disengagement agreement in the mid-1970s and in the separate peace in 1979 between Israel and Egypt. Camp David, the Reagan Plan, and now the Lebanese-Israeli agreement were all, in Assad's view, recipes for Syrian isolation. Speculation and uncertainty persist, as they have for many years, about Syria's ultimate intentions toward peace with Israel on terms consistent with a moderate Arab consensus. But in 1983 Assad removed all doubt about his short-term objectives: the American-led peace process must be scuttled, and nothing would soon take its place without Syrian consent. So he helped torpedo the Hussein-Arafat negotiations, and stepped up his campaign against Arafat by fomenting ever more singlemindedly in the spring the mutiny against him by Fatah rebels. And he made it clear to all concerned that any new efforts to revive the Reagan initiative would be met with relentless hostility from Damascus and the PLO remnants under its thumb.

V

For most of 1983, Assad played spoiler to American objectives. But during the final months of the year he used his levers of diplomacy and military power for more ambitious ends: to dominate and control the political progress in Lebanon, to narrow the options for implementing the May agreement between Israel and Lebanon, and to face down the United States and Israel in an escalating contest of arms. Central among Syrian aims was a determination to bring about the exit of American Marines from Lebanon, and Damascus manipulated not just their vulnerability in the field but the vulnerability of their commander-in-chief at home, faced as he was by widening controversy about perpetuating the Marine presence.

Syria confronted Washington with its most dangerous challenge as Lebanon's agony intensified—as many had predicted it would—because of developments in the volatile Shouf Mountains. The violence that had flared there in the winter of 1982–83 had confirmed for many Lebanese Muslim observers that Phalangist aims could not be contained by Gemayel, who had not only placed Phalangist officials in key governmental positions but also had not restrained Phalangist ambitions in the Shouf. When severe fighting there erupted again during Shultz's shuttle mission, it was a sign that Gemayel's power would before too long be tested in the Shouf, where Israel was growing increasingly restive with its interpositionary role.

Over the summer, indications multiplied that Israel—despite objections from Gemayel and Washington, the latter still insisting on a single, complete withdrawal on the terms agreed in May—was planning to redeploy its forces from the mountains to more defensible lines in the south, at the Awali River. It was a move that could be read as a further step toward the partition of Lebanon, in the wake of the failure of the withdrawal agreement, as well as toward the reduction of Israeli casualties. When the redeployment finally happened in early September, American diplomacy and military power had to fill the vacuum as hostilities engulfed Beirut's suburbs and the Shouf.

The fighting between Syrian-backed Druze and the government's Lebanese Armed Forces—newly rebuilt and improved with American assistance but untested and not capable of large-scale operations without active American support—brought Lebanon to the brink of full-scale civil war. An obscure village called Suk al Gharb, in the hills overlooking Beirut, became the unlikely cockpit for the renewed conflict and for a test of wills between the United States and Syria.

First to protect the American Marines in the peacekeeping contingent and later to assist directly the combat forces of President Gemayel, Reagan authorized the first U.S. naval bombardment in the Mediterranean since World War II. American firepower struck positions in Syrian-controlled territory and massive barrages were directed against Druze attackers threatening to roll back Lebanese Army defenders from Suk al Gharb. Not until the end of September did the crisis ease, and then only after two sets of extremely complicated negotiations had been successfully completed.

The first set was in Washington, where Congress reached a compromise with the White House that allowed the President to keep the Marines in Lebanon for another 18 months, an outcome shaped less by enthusiasm for an obviously vulnerable Marine role than by a deference to presidential prerogative and to claims that an obligatory earlier pullout under the terms of the War Powers Act of 1973 would weaken U.S. negotiating leverage. The second negotiations were in the Middle East, where the new American envoy, Robert McFarlane, working closely with Saudi Arabia, mediated a cease-fire and an agreement among Lebanese leaders to begin national reconciliation talks over new power-sharing arrangements among contending Christian and Muslim leaders. Announced in Damascus and initially hailed by the Soviet Union, the deal seemed to open the way to what Reagan called "a new beginning in Lebanon."

To get this agreement, Washington reportedly squeezed Gemayel to compromise and deal with his Syrian-backed opponents. The United States tried for a brief time to signal its interest in meeting legitimate Syrian interests in Lebanon, hoping to enlist Assad's tolerance for measures that would move the reconciliation process forward and create conditions for withdrawal of American troops from Lebanon. But from this point on, the hoped-for reconciliation process turned into a roller coaster of expected breakthroughs that usually never came and backsliding that regularly threw up more stubborn obstacles. And from this point on, too, the U.S.-Syrian collision began showing signs of spiraling out of control.

Nearly all of October passed without the reconciliation talks getting under way, largely because of early disagreements over a site for the proposed negotiations, an issue that involved both important political symbolism for the parties and genuine considerations of personal security. Washington's assessment of Syrian intentions underwent revision, meanwhile, as the President and his top foreign policy spokesmen proclaimed that Syria's initially positive attitude toward the September agreement had turned to obtructionism, and that the continuing and expanding Soviet supply of advanced missiles to Syria cast serious doubt on Syrian intentions in the region. Syria now tightened its noose around Yassir Arafat, who had surreptitiously returned to Lebanon in late September. The Syrians maneuvered politically to replace him as PLO leader, forced him to leave the Bekaa Valley with some 1,000 Fatah loyalist troops, and penned them in on the outskirts of Tripoli in northern Lebanon under the guns of Syrian-sponsored PLO mutineers. Lebanese factions allied with Damascus stepped up attacks against the Marines.

In all, as the September cease-fire weakened and as all parties used the interlude to gear up militarily for another round of fighting, Syria seemed bent on a multifront drive to work its will and to test the United States. The terrorist bombing of Marine headquarters, as well as those of the French contingent, was followed by a similar attack on an Israeli installation in Tyre. The President declared, in his October 27 speech, a vital American interest in Lebanon. Washington and Damascus were on collision courses.

The long-awaited reconciliation talks finally got under way in Geneva on the last day of October, with Syria an observer along with Saudi Arabia. Not since the onset of Lebanon's civil war in 1975 had Lebanese leaders from all factions faced each other at the negotiating table. It was hardly surprising, however, that their immensely complicated and difficult task of inching toward a new political bargain among five key Lebanese negotiating blocs became immediately overshadowed by the single question of the future of the May withdrawal agreement. Syria insisted it must be abrogated before any progress could be made on the reconciliation dialogue, and the eventual compromise was more blurred than Damascus would have liked. The May agreement was neither to be ratified nor scrapped; parties to the reconciliation talks decided, in effect, to freeze the agreement; and they gave President Gemayel, his stature enhanced by the recognition given him by his conferees, a mandate to find another formula, in negotiations with the United States and other powers, for achieving Israeli withdrawal from Lebanon.

With only this result to show for a week of talks, Lebanon's formal reconciliation dialogue did not resume for the remainder of the year, its prospects dampened mercilessly by the cascade of new violence and military action in Lebanon. By mid-November, the

Syrian-PLO rebel assault against Arafat's forces around Tripoli moved into high gear, despite Soviet remonstrances to Syria and Arab uneasiness with the Syrian drive to crush Arafat. Elsewhere in Lebanon the September cease-fire began to come unstuck. The United States had moved to increase its naval forces dramatically, and Israel and France retaliated against Iranian-backed groups identified as perpetrators of the recent terrorism. Particularly worrisome were the first incidents of scattered Syrian antiaircraft attacks against American reconnaissance planes.

To counter growing Syrian assertiveness, Washington turned to Israel in November and the two countries celebrated at the end of the month a peculiar love-feast that masqueraded as "strategic cooperation." But what was happening was not particularly strategic, and it was cooperative in a very limited sense only. Washington had run out of short-term leverage against Damascus and wanted to show clear evidence of joint Israeli-American determination. But Israel's leaders, though eager to make the most of Washington's new twist, knew full well that neither their public nor their military were prepared to be Washington's sword against Syria in Lebanon. Washington, for its part, made it plain that combined military operations with the Israelis in Lebanon were not in the cards. And leaders in both countries knew that if they were drawn into a war with Syria, the risks of confrontation with the Soviet Union could bring the two superpowers into a collusion that would work to Israel's disadvantage. Moreover, fundamental, perhaps even irreconcilable, differences remained betweeen U.S. and Israeli views on the overall peace process and on the West Bank in particular.

Thus the so-called strategic cooperation boiled down to a genuine convergence of important tactical aims, immediate diplomatic objectives, and mutual political needs—cemented by the fact that both countries' installations in Lebanon had been subjected to terrorist attack. There were to be new understandings on technical military ventures of various kinds, as well as enhanced intelligence cooperation. American aid was to be more generous, and Washington hoped that Israel would ease its opposition to American arms sales to moderate Arab states, especially Jordan. Israel's new Prime Minister, Yitzhak Shamir, who had taken the reins in October after Menachem Begin resigned, a broken and disconsolate man as a result of the Lebanese debacle, had reason to be pleased that he could show at home that Israel's essential relationship with the United States was being and presumably would be preserved under Likud rule. Reagan had reason to be comfortable in the knowledge that he could enter an election year without the disadvantages of "an Israel issue" working against him from Democratic Party challengers visibly eager to play on such an issue.

The new American-Israeli strategy aroused unanimous criticism and dismay from Arab states, including those generally considered most friendly toward the United States, Saudi Arabia, Egypt, and Jordan. President Gemayel, moreover, had visited Washington at the beginning of December, only to come away with renewed American pledges to seek the full implementation of the Israeli-Lebanese agreement. It also quickly became evident that closer ties with Israel would do little to ease Washington's predicament in Lebanon during the dangerous days of December, and would not prevent the reemergence at the end of the year of American-Israeli disagreement over the fate of Yassir Arafat and the course of the overall Middle East peace process.

At the beginning of December, in response to a heavy and concentrated Syrian anti-aircraft attack against U.S. reconnaissance jets over Lebanon, Washington launched its first air strikes of the Lebanese conflict and its first direct attack against Syrian forces. Twenty-eight carrier-based planes attacked Syrian gun positions in the mountains east of Beirut; two were shot down, with one airman killed and another, Lieutenant Robert Goodman, captured by the Syrians, who declared that he would not be released until the Lebanon war was over and until the United States was out of Lebanon. In the stormy weeks that followed, unease with the latest escalation rose sharply among America's partners in the multinational peacekeeping force, the American public, and among observers who judged that while the military gains from the air raid were demonstrable, the American losses were such that Syria could take considerable comfort from an outcome that at the very least was a psychological victory for Damascus. Fresh Marine casualties followed in renewed attacks against their static positions in Beirut. By mid-month the United States unleashed its heaviest naval gunfire to date in Lebanon from the massive guns of the battleship *New Jersey*, which shelled Syrian and Syrian-backed Druze positions.

Yet another Lebanese cease-fire followed these exchanges, setting the stage not only for a pause in the American-Syrian confrontation, but also for Yassir Arafat's denouement in Tripoli. The PLO leader had agreed at the end of November to a Saudi proposal for his evacuation from Tripoli, but implementation was short-circuited by difficulties in working out satisfactory international guarantees for safe passage of Arafat and his 4,000 loyalists, and by obstruction and harassment from Israeli gunboats that shelled the Tripoli harbor area after Arafat claimed responsibility for a terrorist attack in Jerusalem. But safe passage was arranged, although only after the United States weighed in behind the plan at the urging of President Gemayel and after Washington pressed Israel into noninterference.

Israel's reluctance to go along with the plan was then in part motivated by a wish to deny Arafat another hero's departure from Lebanon, complete with the fanfare that accompanied his exodus 16 months earlier. Muted though it was, Arafat's evacuation on December 20 did lead to developments that confirmed Israel's apprehensions about a possible Arafat political resurgence. He paid a surprise visit to Egypt, his first since Sadat's peace diplomacy began six years earlier. His meeting with President Hosni Mubarak, short on substance apparently but long on symbolic importance, fed intense speculation that Arafat might be signaling a willingness to cast his lot with Arab states favoring a renewed peace process and to try once again to reach an accord with Jordan. Mubarak's part in the meeting suggested that he was prepared to quicken the pace of his efforts to end Egypt's isolation in the Arab world, taking advantage of heightened Arab disaffection with Syria for its treatment of Arafat and its support for Iran. Washington applauded the meeting publicly. Israel was outraged over the meeting as well as over the American reaction, an outrage shared, ironically, by Syria and Arafat's opponents within the fractured Palestinian movement.

The U.S. response to the Arafat-Mubarak reconciliation reflected a hope in Washington that Jordan would be encouraged by the split in the PLO to press once again for a Jordanian-Palestinian understanding that could facilitate negotiations over the West Bank. Arafat, according to this reading of events, lost no support from West Bank Palestinians during his besieged last weeks in Lebanon. Broad Palestinian antipathy deepened toward Syria and the PLO rebels it sustained.

A continuing Palestinian leadership vacuum on the West Bank precluded negotiations without a Jordanian-Palestinian understanding, even though key Palestinians in the occupied territories showed a recent disposition to stake out a more assertive role. And Arafat was still a prime player in reaching such an understanding.

This was a script freighted with optimism. King Hussein will do Arafat no favors, and hinted that he would soon be exploring avenues—such as reconvening the Jordanian Parliament with West Bank representation—that would minimize rather than fully reincarnate a lead role for Arafat. Syrian opposition was as certain as anything can be, and Syria's capabilities for obstruction were surely greater now than they were in the spring of 1983—a string of attacks against Jordanian diplomats in the closing months of 1983 was generally regarded as a Syrian-orchestrated message to Hussein. Israel's opposition was no less certain. Having charged that the Arafat-Mubarak meeting was a first step in the resuscitation of the Reagan initiative, Israeli officials declared that they would respond by accelerating the settlements program. All of this left America's peace policy dangling in a nether world of high ambitions and low credibility, a mix even more unpromising at the end of the year than at the beginning.

VI

At the turn of the New Year, the leitmotifs that had dominated the Lebanon story and the fate of the Reagan peace plan—stalemated conflict and diplomatic immobilism—had also dominated the other two arenas in the region of high strategic interest and potential danger for the United States: the war in Afghanistan and the conflict between Iraq and Iran.

As the fourth anniversary of Moscow's invasion of Afghanistan passed in December, more than 100,000 Soviet troops remained locked in a no-win, no-retreat confrontation with a loosely organized grouping of some 25,000 Afghan resistance fighters, the Mujahedeen. Moscow's dilemma runs deep in Afghanistan. The Babrak Karmal regime remains riven by factionalism, which this year deteriorated into open fighting, and which has prompted more open signs of Soviet frustration with Karmal's inability to unify the opposing factions despite his much-publicized efforts to do so during 1983.

Disarray at the top of the Karmal regime has impeded Soviet hopes on many fronts: the Afghan army, numbering 40,000–50,000 soldiers, falls far short of the strength and effectiveness that Moscow would like. The Soviet forces, which continued to be deployed and used selectively to control key areas and counter major insurgent threats, were not able in major battles with the Mujahedeen to tip the balance significantly, and the resistance displayed throughout the year an increased capacity to harass them and to take the resistance into new locations, including Kabul and other major cities. But none of these pressures seriously undermined Soviet staying power; casualties remained at tolerable levels, and Moscow's readiness to deploy more force if necessary seemed firm.

Increases in covert as well as overt Pakistani and American support for the resistance were pronounced in 1983, but the

Mujahedeen, too, remained divided and disorganized and far from being able to coalesce into the kind of political or military front that could take maximum advantage of the broad popular support enjoyed by the resistance.

Fresh diplomatic efforts to end the occupation were the most important developments of the year. Arranged and conducted under U.N. auspices, the secret negotiations that had gotten under way in 1982 produced in April 1983 a blueprint for a comprehensive settlement, which had been worked out indirectly with Islamabad and Kabul and with background consultations along the way with American and Soviet leaders. The essence of the envisaged compromise was that the Soviet Union would agree to a progressive withdrawal in return for Pakistan's agreement to end its support for the resistance, and the use of its territory for transmission of American and other aid to the Mujahedeen. But efforts to turn the plan into an operative treaty faltered badly over the summer and remain in limbo. Close observers of the negotiations believed that both the United States and the Soviet Union retreated from earlier indications of possible interest, each blaming the other for the impasse.

In the stalemated and horrendously costly war between Iran and Iraq, the flashpoint that set alarms ringing throughout the West was Iraq's threat in July to take the war to the economic heartland of Iran by attacking Iran's oil production capabilities, a threat made more ominous by the revelation a month earlier that France would provide Iraq with Super Etendard jet fighter-bombers carrying the Exocet missiles that Argentina had used successfully against British warships during the Falklands war. Iran counter-threatened that it would answer an Iraqi attack by blocking all oil shipments through the Strait of Hormuz in the Persian Gulf, through which passes 20 percent of the world's oil trade, and later hinted that it would attack Arab states supporting Iraq. Washington warned immediately that it was prepared to take whatever action was necessary to keep the straits open.

Iraq's ratcheting up of the stakes in this conflict, which it had been foolhardy enough to begin three years earlier, was a product of desperation—over the prospect of unacceptable losses in the war of attrition, over the state of its badly crippled economy and curtailment of its own oil exports by the war, over the impotence of the superpowers and a variety of other interlocutors to end the conflict. Baghdad and Teheran escalated their war, and their war of words, during the rest of the year, as Iraq shelled Iranian cities with long-range surface-to-surface missiles and launched new air attacks, and as Iran opened a new ground offensive.

By year-end, the battlefront stalemate continued, but American policy moved, at first gradually and then more conspicuously, toward what was dubbed a "tilt" toward Iraq. Having earlier eased its initial oposition to the French jet deal—the planes were delivered in October—and taken other diplomatic steps in Iraq's direction, the Administration openly declared that an Iraqi defeat would be contrary to U.S. interests. This was Washington's most pointed shift to date, though still a limited one, from its official posture of neutrality, a shift reinforced by late-year visits to the Gulf by American planners for consultations over how to deal with Iranian threats, by Ambassador Rumsfeld's December visit to Iraq, and by active consideration of other measures that would strengthen Iraq's economic capacity and restrict American economic dealings with Iran.

More than its own and the American public's preoccupation with the Lebanese crisis suggested on the surface, the Reagan Administration's private worries were intense at the end of 1983 that the Gulf powderkeg could explode into a nightmarish strategic crisis, threatening disruption of the global oil trade and a wider military conflict in the region. The United States saw its gestures toward Iraq as a potential deterrent to a slide toward such a crisis. Washington, too, was eager to presssure Syria by these moves toward its enemy in Baghdad, and to respond against Iran, which Washington held responsible for instigating the attacks by Shi'ite fundamentalist terrorists against American and French targets not only in Lebanon in October but also in Kuwait in December.

VII

Notwithstanding these apprehensions about the Gulf, Washington's attention at the close of the year remained riveted on Lebanon. There were two surprising developments. The first, and the more far-reaching, was the unexpectedly harsh inside indictment of the Administration's policy from the Long Commission, a five-member panel established by Secretary of Defense Caspar Weinberger to inquire into the circumstances surrounding the bombing attack on the Marine headquarters. Going beyond its formal mandate in a coda section of its report that reflected widely known reservations within the defense establishment, the Long Commission criticized the over-reliance on military options at the expense of diplomatic alternatives for achieving American objectives in Lebanon, and urged what it described as "a more vigorous and demanding approach to pursuing diplomatic alternatives."

Just as the impact of the report's findings were receiving wide publicity, the second surprise development captured the public eye—and confounded official Washington—for many days: the personal mission to Damascus by Democratic Party hopeful Jesse Jackson. He managed after meetings with Hafez Assad, then emerging from nearly two months of confinement for illness, to bring home Lieutenant Goodman, the captured American pilot whom Syria had said it would not release until the United States left Lebanon. By this time, there had been a mid-December pause in the Syrian-U.S. standoff in Lebanon that had lengthened into a palpable relaxation of tensions, with both Damascus and Washington sobered and wishing to avoid another cycle.

In the aftermath of the Jackson success, the atmospherics between the two capitals improved noticeably. With encouragement from Syria as well as Israel, and active mediation by the United States, new discussions got under way among Lebanese leaders for security arrangements that would extend President Gemayel's reach and authority into opposition Muslim and Druze territory in return for political concessions to these groups that might regenerate the long-stalled reconciliation process. The arrangements also could include creation of buffer zones and withdrawal of Phalangist units from key areas of the Shouf. This prospect of political progress, in turn, was being held out by the Reagan Administration as the key to the withdrawal of the Marines, calls for which became more insistent and frequent, and came from more domestic quarters, at the turn of the year.

Christopher Dickey

CENTRAL AMERICA: FROM QUAGMIRE TO CAULDRON?

A few days after Ronald Reagan was elected President in 1980, U.S. Ambassador to Nicaragua Lawrence Pezzullo gave a long interview in his Managua office. "It's going to be our ideological blinders that may cause us to make mistakes," Pezzullo said, as he considered Central America policy under the new President. "This is a new Administration, there are going to be tradeoffs, and you've got to feed your right-wing somewhere. Maybe you'll just let them eat up Latin America. It's cheaper than some other places like the Middle East, the Soviet Union or China, where no president is going to have much room for radical policy changes." He paused and reflected for a moment. "That's the way I tend to think things will go," he said, "just feed it to the lions."[1]

The process was perhaps more gradual than Pezzullo would have anticipated, but by 1983 it was well on its way. The little countries of Central America and the tiny ones of the Caribbean—void of intrinsic economic importance, their individual strategic value debatable, their political constituency in the United States virtually nonexistent—became for the Reagan White House a crucible in which to prove not only the resolve of the United States, but to test the conservative credentials of the men and women making policy inside the Administration. The Reagan Administration saw itself as eyeball-to-eyeball with unprecedented Soviet-Cuban expansionism in its own backyard and, against such a threat, no one on the Reagan team could afford to blink. Even the discussion of options to deal with the ongoing and escalating Central America crisis became a test of toughness in which only the most conservative voices in the Administration were found to measure up.

By the end of the year, U.S. warships were deployed off the coasts of Central America. A covertly funded guerrilla war against the Marxist-led government of Nicaragua was overtly endorsed by the Reagan Administration and an army of as many as 15,000 men and women trained to fight it. U.S. military maneuvers of an

[1] Notes from a November 1980 interview with U.S. Ambassador to Nicaragua Lawrence Pezzullo, subsequently excerpted in Christopher Dickey, "2nd Ambassador Joins Criticism Of Reagan Team," *The Washington Post*, December 12, 1980, p.A1. Pezzullo, a career diplomat, remained in Nicaragua through most of 1981, but subsequently left the foreign service.

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unprecedented scale for Central America rapidly converted Honduras, best known for its ruins and its bananas, into a virtual bivouac. U.S. Marines stormed the Eastern Caribbean island of Grenada and converted it from a friend of Moscow into a quasi-colony of Washington.

Yet as the Reagan Administration sought to reassert unequivocal American dominance over the area, it faced two persistent and potentially decisive constraints. The first was the recalcitrance of a Congress unconvinced that the kind of toughness the Administration displayed was well-advised, and worried that it would lead not to a resolution of the region's problems, but to increased and fruitless entanglement in them, possibly including the commitment of U.S. troops to a long and politically thankless war. The second, which fueled the first, was the persistently disappointing performance of the Central American armies on which Washington relied, whether supporting the government in El Salvador or subverting the government in Nicaragua.

While everyone in the Administration in a position to make policy had solid conservative credentials and was firmly persuaded of the communist threat, a major public rift developed in early 1983 over the question, not of what was desirable, but of what was possible. Intense internal debates and furious bureaucratic intrigues finally led, on May 27, to the ouster of Thomas O. Enders as Assistant Secretary of State and chief policymaker for Latin America.

Enders, a career diplomat whose professional background was in Southeast Asia and among the North Atlantic powers, represented the view that there were practical limits to the resources the United States could or should commit to Central America and the Caribbean, and that these limits were fairly narrow. Accordingly, the policies he advocated aimed to defeat Marxist-led insurgencies in El Salvador and Guatemala, but, barring what was described in one policy paper as an unforeseen "opportunity" to take more dramatic action,[2] essentially accepted the existence of a Marxist-dominated regime in Nicaragua. The Enders policy's bottom line was isolation and containment of Nicaragua's four-year-old revolution and various measures both coercive and cooperative to guarantee that it would not become a Soviet-Cuban base either politically or militarily. The Sandinistas' internal politics and policies were of relatively little interest.

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[2] See Don Oberdorfer, "U.S. Policy Reflects A New Sense of Urgency," *The Washington Post*, August 7, 1983, p. A1. Oberdorfer wrote: "The day after George P. Shultz was named to succeed Alexander M. Haig, Jr., as secretary of state in June 1982, an internal State Department briefing paper on Central America outlined the existing Reagan Administration vision of 'Where We Go From Here' for the new chief U.S. diplomat: 'Assuming that Cuba and Nicaragua do not substantially increase the stakes in Central America, the secret to success will be a steady and sustained effort. Barring serious miscalculation by the other side, there will be no opportunities for a quick decisive action to end the problem.'"

Also see Oberdorfer, "U.S. Plans for Possible Rise in Cuban Role in Nicaragua; Military, Political Action Being Considered by NSC," *The Washington Post*, April 17, 1983, p. A1. "By April 1982 . . . State Department officials were beginning to believe that 'opportunities as well as challenges' could flow from communist escalation in the area. . . . 'Introduction of MiGs into Nicaragua could be exploited to obtain financing for upgrading of Honduran air force and stationing of U.S. squadron in Honduras,' said a State Department paper prepared for NSC discussion on U.S. policy in Central America and Cuba."

But pitted against Enders' views were those of U.N. Ambassador Jeane J. Kirkpatrick and then National Security Advisor William P. Clark. Kirkpatrick had a passionate interest and an extensive academic background in Latin American—though not Central American—affairs. She felt the importance of the region was inadequately understood by the Enders group at the State Department. Her consistent message to Reagan had been that Central America was not just a region of grubby little wars which might be put on the back burner; that a little nation like El Salvador "can matter to us." Clark's interest in Central America appeared less a result of his appreciation for the culture and history of the region than of a deep-seated Ventura County, California, conservatism. Visions of "foot-people" fleeing Stalinist tyranny dominated his perceptions. Communists, including Sandinistas, were viewed as so inherently deceitful that no agreement with them was worth the paper on which it was written. The only thing they really understood was force. (Reinforcing this view was the failure, after a few months, of secret talks with the Sandinistas begun by Enders on his August 1981 visit to Managua. He made his views clear and the Nicaraguans remained unwilling to bend or, by some accounts, to deal frankly with the central question of support to other insurgencies.) Unless the Sandinistas were to make major changes in their internal system, rejecting their Marxist views and establishing a conventional North American or parliamentary democracy, they could never be trusted. The President appeared to share these basic instincts, moreover, and Clark was the principal advocate of "letting Reagan be Reagan" in foreign affairs. Where better to be himself than in his own backyard?

The basic logic of the Enders approach tended toward some sort of negotiated settlement to the region's difficulties. The logic of the Kirkpatrick-Clark line headed toward more open-ended military commitments. But neither avenue entirely precluded the other and at a practical level they were sometimes indistinguishable.

The most militant hard-liners, after all, had been brought up short in the earliest days of the Reagan presidency when the problems of attacking what was called "the source"—Havana—were examined. There was little or no talk in 1983, as there had been under Secretary of State Alexander Haig two years before, of directly blockading or attacking Cuba, with its 153,000-man army.[3]

Nicaragua, however, with at least 50,000 people in its armed forces and many more in its militias, appeared a possible target though not an easy one. Should the aim of policy, therefore, be the negotiated containment of the Sandinistas or their elimination? The Administration seemed never to have decided in 1983, and perhaps not to have known, toward which goal it was embarked. Instead it pushed forward, steadily tightening the screws on the Sandinistas, escalating its involvement with the rebels fighting them, committing ever greater military resources of its own to the surrounding countries, in the hopes that something—it was never clear exactly what—would give. This obviously dangerous lack of definition was exacerbated by the assumption shared on all sides of the debate inside the Administration that what had to be done to get the Sandinistas to negotiate seriously was at any rate exactly what had to be done if one were indeed setting the stage for an invasion. In such circumstances it was impossible to be sure which course one was on until the negotiations succeeded or the war had begun, but up to a point policy was able to move forward aggressively, even violently, despite the uncertainty about where it was headed.

II

When 1983 began the Reagan Administration was running out of money for Central America. Congress, through the legislative procrastination of a continuing resolution, had frozen aid at 1982 levels and the overall assessment of events in Central America was increasingly gloomy. When Congress came back into session there was strong sentiment for some sort of settlement, at least in El Salvador, and at least for serious "dialogue"—unacceptable as that might be to the White House ideologues, impractical as it might prove on the ground in Central America.

In a working paper put together after extensive consultations with U.S. ambassadors in Central America in January 1983, Enders therefore proposed what came to be known as a "two-track" policy. One track would embrace negotiations with the Salvadoran left, while the other would continue funding and reenforcing the forces fighting against it, both directly in the form of government troops and indirectly in the form of anti-Sandinista rebels.

The goal of this two-track approach was less to move toward the bargaining table at that moment than to get the money from Congress needed to move at all. What Enders in effect proposed to do, and what the Reagan Administration in fact did, was to use the offer of negotiations as a carrot held before Congress so it would pay for the stick Reagan, and also Enders, felt the Administration should be wielding at that time. But almost as soon as the working paper reached the hands of Enders' bureaucratic enemies at the White House in early February they leaked some of its contents to *The Washington Post.*[4] They did this in such a way as to make it seem, in the heavily ideological ambiance of the Reagan Administration, that the normally hard-line Enders was somehow preparing to capitulate to Central American communists.

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[3] All statistics on the strengths of Central American and Caribbean government armies are drawn from *The Military Balance 1983–1984*, compiled by The International Institute for Strategic Studies in London, except in the case of Grenada, which was not listed.

Soon afterward, Kirkpatrick returned from a ten-day tour of the region that reinforced her opinions about the misdirection of policy under Enders. These misgivings were quickly conveyed to President Reagan. Aid requests, both economic and military, were insufficient in Kirkpatrick's opinion. The implementation of Central American policy, as she saw it, was lacking in vigor. Enders acted as if he were pursuing a stalemate rather than a victory. Moreover, the message Kirkpatrick brought back to Reagan was that the region's leaders were personally suspicious and resentful of Enders. This picture of Enders spawning resentment in Latin America struck a sympathetic chord in a White House already suspicious of an ambitious patrician seen as patronizing and arrogant. Enders rapidly lost what had been almost a monopoly over Central America policy, and by May he lost his job.

But when President Reagan addressed a joint session of Congress on April 27, the four points of the policy he laid out were little more than a refinement of the "two-track" approach, and they remained the basis for policy throughout the year. On the one hand he called for increased economic and military aid to "bolster humane democratic systems" and respond to "the military challenge from Cuba and Nicaragua, to their deliberate use of force to spread tyranny." On the other he announced that "we will support dialogue and negotiations—both among the countries of the region and within each country."[5]

The immediate objective of the President's speech was to win more aid for the region from Congress. But what he got came only gradually and grudgingly. The lawmakers were willing to supply

[4] Lou Cannon and John M. Goshko, "U.S. Weighs Plan for 'Two-Track' Policy on Salvador," *The Washington Post*, February 10, 1983, p. A1.

[5] Ronald Reagan, "Central America: Defending Our Vital Interests," April 27, 1983. United States Department of State, Current Policy No. 482, Washington, D.C.

economic assistance. But military aid was a much touchier question. The Administration asked for a modest $10 million to restore a military link with the Guatemalan government. Congress decided, after some deliberation, to allow none of it. The continuing resolution had allotted El Salvador only about $26 million in military aid for fiscal year 1983. The President asked for $50 million more and got only $25 million. He then moved to divert $60 million to El Salvador from aid originally slated for other countries, and Congress cut him back to $30 million. Of $86 million in military aid to El Salvador requested for FY 1984, the Administration got about $65 million. And at every step of the road there were conditions, first through a requirement that the President certify improvements in El Salvador's record on human rights and reforms every six months in 1982 and 1983, then with even more specific ad hoc demands, including the release of hundreds of political prisoners in El Salvador and a requirement that the International Red Cross be allowed to visit the jails there.

Reagan's response to such domestic political pressures was skillful. Throughout the spring and summer military escalation was accompanied by gestures of conciliation—if not exactly toward the Sandinistas or Salvadoran rebels, certainly toward Congress. In one particularly adroit maneuver during March 1983, the Administration accepted the demand of Representative Clarence D. Long, the Maryland Democrat who headed the decisive subcommittee on Foreign Operations of the House Appropriations Committee, that it appoint a special negotiator for the fast-deteriorating Salvadoran conflict. It even named a Democrat, former Florida Senator Richard Stone, to the post in April. But Stone, closely tied to the far right of Florida's Cuban community, was as conservative as any Republican on Central American issues. The Reagan Administration expanded his brief to include all of Central America. But his initiatives, including one meeting in San José, Costa Rica, with representatives of the Salvadoran guerrilla front in August, served mainly to underscore the intransigence on all sides.

In July the Administration announced large-scale joint military maneuvers with Honduras. American personnel would be stationed in several locations around the country, including the narrow strip of land near the Gulf of Fonseca that separates El Salvador and Nicaragua. Thousands of personnel became involved, including Marines staging a practice amphibious landing. Unlike earlier exercises, including one called Big Pine near the eastern Nicaraguan border in February, these were not meant to last days or weeks, but months. U.S. warships, including aircraft carriers, were also assigned off the coasts of Nicaragua.

Central America was no longer a place for quiet diplomacy. Some of the most highly regarded U.S. professional diplomats it had ever seen were dismissed from their jobs amid unflattering leaks from the White House, in the same public housecleaning that removed Enders. The republics of the isthmus became once again, as they had been for a time in the earliest days of the Administration, a place for big shows of commitment and big Washington names.

To balance the weight of military hardware and men thrown at the region in July, the President named former Secretary of State Henry Kissinger to head a bipartisan commission studying unified national approaches to U.S. policies in Central America; a prestigious figure might be seen to consider long-term policy goals with cool deliberation in the company of responsible public figures from both parties and therefore build vital political consensus.

Through such maneuvers the Reagan Administration succeeded, by and large, in setting the terms of domestic debate over Central America and the Caribbean and co-opting opposition to its policies even among its influential European allies. It might not offer workable solutions, but it could claim with some confidence that it had tried a variety of approaches and no one else had anything better to suggest. Meanwhile, hope for other alternatives, from the miraculous to the mundane, was steadily fading away.

The Pope's visit to Haiti and the seven nations of the isthmus for a week in March brought nothing resembling the peace, justice and love for which he prayed, nor even the rigid obedience from his clerics that he demanded. Instead it served to deepen the already profound and deeply political divisions among the faithful: in Nicaragua between revolutionary priests and their more tradition-minded hierarchy; in El Salvador between bishops who wanted a dialogue with the left, and a government that wanted the left eliminated; in Guatemala between the Catholic Church and its Protestant evangelical rivals, who were then in power.

The initiative of Mexico, Venezuela, Colombia and Panama, which seemed promising as an alternative to the imposition of solutions "made in the U.S.A." when they first came together as the so-called "Contadora group" in January 1983, and which continued to be relied on as the main framework for negotiations throughout the year, finally succeeded in little more than the articulation of 21 bland premises for peace that all sides could endorse while making no movement whatsoever toward resolving their fundamental hostilities. The Reagan Administration and the forces it backed on the ground in Central America lent their support to Contadora in direct proportion to its ineffectivness.

By the fall, the White House could point to signs that its policies were working as well or better than expected. The government of Nicaragua was making conciliatory gestures on virtually every point raised by the Reagan Administration, from the removal of Cuban advisers to lightened censorship of the press and positive statements about the electoral process. Each time the Sandinistas moderated their initial negotiating stance, each time they made proposals or submitted draft treaties, the specific offers were rejected, but the fact they were made was viewed as a sign they were buckling under, and therefore a reason to increase the pressure. And each time the Sandinistas backed down just a little bit further.

Then the unexpected gambit played out in Grenada showed that the hard-line policy was capable of intimidating not only Nicaraguans, but Cubans. The invasion of Grenada seemed to strip Cuban President Fidel Castro of an ally and protegé. Not only did Castro make no move to come to its rescue, he seemed to back away from the Sandinistas as well, noting that "we do not have the means" to give direct military assistance to allies attacked by the United States.

The Administration's skillful tactics, its apparent advances and the Democrats' fears of being branded the people who "lost" some part of Central America or the Caribbean in the 1984 election campaigns, combined to temper congressional opposition to Reagan's policies. But still gnawing at the roots of the Administration's successes were the unreliability, the incompetence, even the hostility of its own key clients and supposed allies in the region.

Throughout the year the Reagan Administration described the Central American situation in terms that suggested, but never quite stated, that it was ready to go to war to protect what it considered U.S. interests there. These were described as questions of proximity, tradition, freedom, and democracy, and, most importantly and universally within the Administration, as questions of U.S. prestige and credibility. The more involved the United States became, of course, the more its prestige was on the line and the greater the need to become involved even further.

Reagan, in his April 27 address to Congress, raised the specter of Nazi U-boats sinking allied shipping in the Caribbean of 1942, the threat of the Soviet combat brigade still on Cuba, the menace of a Libyan arms shipment to Nicaragua. But the greatest threat of all was that Washington generally, and his Administration particularly, having put American prestige on the line there, would suffer a serious loss of face if the line were not held.

> If Central America were to fall, what would the consequences be for our position in Asia, Europe, and for alliances such as NATO? If the United States cannot respond to a threat near our own border, why should Europeans or Asians believe that we are seriously concerned about threats to them? If the Soviets can assume that nothing short of an actual attack on the United States will provoke an American response, which ally, which friend will trust us then?[6]

By September, Under Secretary of Defense Fred C. Iklé was warning unequivocally in a White House-approved speech that in El Salvador, "We do not seek a military defeat for our friends. We do not seek a military stalemate. We seek victory for the forces of democracy." Iklé was even more forceful in appraising the threat from Nicaragua. "We must prevent consolidation of a Sandinista regime in Nicaragua that would become an arsenal for insurgency, a safe haven for the export of violence. If we cannot prevent that, we have to anticipate the partition of Central America. Such a development would then force us to man a new military front line of the East-West conflict, right here on our continent."[7]

At first the Administration could sidestep the obvious fact that such fighting words, to be credible, must be backed by a willingness to commit U.S forces. "Now, before I go any further, let me say to those who invoke the memory of Vietnam," Reagan said in April, "there is no thought of sending American combat troops to Central America; they are not needed—indeed they have not been requested there."[8] In November, Iklé made the same argument: "No need for U.S. combat forces exists; there are no intentions, no requirements, for American soldiers to get involved in fighting."[9]

But by year's end this was an increasingly tenuous assumption. The anti-Sandinista rebels showed signs of serious weakening as their war went on, and increasingly they came to depend on American advice and technology. Worse still from the Administration's point of view, the armed forces in El Salvador proved as impervious to the Reagan Administration's attempts to make them more efficient fighters as they were to congressional demands that they observe basic human rights. As the "freedom fighters" of Nicaragua and the defenders of "democracy" in El Salvador proved unable to do the job the United States was paying for, whether to roll back or to contain Marxist advances, the logic of the Reagan

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[6] *Ibid.*

[7] "Remarks Prepared for Delivery by the Honorable Fred C. Iklé, Under Secretary of Defense for Policy, to the Baltimore Council on Foreign Affairs, Sept. 12, 1983." News Release, Office of Assistant Secretary of Defense (Public Affairs) No. 450–83, Washington, D.C.

[8] Reagan, *op cit.*

[9] Fred C. Iklé, "The Future of Democracy in Central America," prepared for the Dallas World Affairs Council, Dallas, Texas, November 16, 1983. News Release, Office of Assistant Secretary of Defense (Public Affairs), No. 566–83. Washington, D.C.

Administration's hard-line policies inexorably raised the possibility that the United States would have to do the job itself.

III

In the spring of 1983, the most famous field commander in the CIA-spawned Nicaraguan Democratic Force (FDN) fighting the Sandinista government was a former sergeant in the defunct Nicaraguan National Guard named Pedro Pablo Ortiz Centeno. He called himself "Commmander Suicide" and behind his wispy beard, combat fatigues and gold chains he saw himself as a kind of communist-killing Pancho Villa. For a few months he was the blood-and-guts incarnation of a tactic developed in Washington and its embassies in Central America: the notion most often described, with appropriate striped-pants sterility, as "symmetry."

In its most basic form, symmetry was aptly summed up by a senior U.S. diplomat in Central America as "trading one little war for another little war." If Nicaraguan-backed guerrillas in El Salvador attacked the bases of the Salvadoran economy, then the United States would support guerrillas in Nicaragua attacking the bases of the Nicaraguan economy. An eye for an eye, an oil storage depot for an oil storage depot, as it were. If the Salvadoran guerrillas demanded that negotiations lead to their participation as equal partners in the Salvadoran government, then the Nicaraguan guerrillas, or "counterrevolutionaries" or "contras," as they were called, made the same demand on the Sandinistas.

One of the greatest bureaucratic virtues of this approach was that it had no real bottom line. It was purely a reactive mechanism, or at least it could be portrayed that way. In December 1982 Congress had publicly approved a measure passed in secret four months before. Known as the Boland Amendment, after House Intelligence Committee Chairman Edward P. Boland (D.-Mass.), it specifically prohibited the Reagan Administration from funding the contras with the purpose of overthrowing the government of Nicaragua. The notion of symmetry allowed the Administration to argue, however, that it was only doing unto Nicaragua what Nicaragua was doing unto others, even though the rebels Reagan funded in Nicaragua said openly that their goal was to overthrow the Sandinistas.

This approach also allowed the Reagan Administration to work out of the corner into which it had painted itself with its original justifications for funding anti-Sandinista rebels. The $19.5-million program of covert activities in Central America initially approved by President Reagan in March 1981 had the narrow goal of stopping

Nicaraguan arms shipments to Salvadoran and other Central American rebels. But by November of that year a more ambitious plan was under way, to create a force that might attack the "Cuban support structure" in Nicaragua. With the size of the anti-Sandinista force growing by leaps and bounds through 1982 and the beginning of 1983, however, the earlier rationales gave way to the broader, more indirect concept of quid pro quo coercion.

Moreover, as the Administration moved away from the narrow question of Sandinista interference in its neighbors' affairs and began insisting on major changes in the basic nature of the Sandinista regime itself, symmetry became a part of that argument too. If El Salvador were having elections, then Nicaragua must have elections. As Jeane Kirkpatrick had argued in the 1979 essay that won her her job, "Dictatorships and Double Standards,"[10] why should Washington demand of its friends what it was unwilling to demand of its self-declared enemies? Congress was sufficiently mollified by such reasoning to acquiesce in the steady build-up of anti-Sandinista forces from 500 in December 1981 to a projected 15,000 in late 1983.

But the tactic was founded on assumptions that did not hold up. Despite extensive training by both Argentine and U.S. advisers beginning in 1981,[11] the contras working out of Honduras proved unable to operate effectively as a guerrilla army. Popular antipathy toward the Sandinistas did not translate into active support for the anti-Sandinistas even in the countryside, and much less in the cities. Contra efforts to establish urban bases were unavailing. After some initial successes in a concerted offensive beginning in late March, the contras' activities steadily were pared back to a fringe of territory within two or three days' march of their camps along the

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[10] Reprinted in Jeane J. Kirkpatrick, *Dictatorships and Double Standards: Rationalism and Reason in Politics*, New York: Simon and Schuster, 1982.

[11] The Argentine role was a complex one. It was partly fostered by personal links between the chief of the Honduran Armed Forces, General Gustavo Alvarez Martínez, and the military establishment in Buenos Aires. Alvarez Martínez was a cadet at the Argentine military academy from 1958 to 1961. One of his best friends there, the General said in a July interview, was Emilio Echaverry, who became a major in the Nicaraguan National Guard. After the guard's 1979 defeat, Echaverry went into exile and in 1982 became the chief of staff of the anti-Sandinista rebels operating out of Honduran territory. Although there was serious friction between Argentina and the United States over Washington's position in the Falklands war in 1982, and there were several reports that the Argentines were then withdrawn from the anti-Sandinista training program in Honduras as a result, this does not appear to have been entirely true. When I interviewed several of the rebels in the mountains of Nicaragua during their March offensive, they said they had been trained by Argentines as recently as February 1983. Ranking members of the anti-Sandinista organizations later confirmed this, but said that the last Argentine advisers were pulled out in April 1983 as their functions were taken over by the Nicaraguan exiles themselves. In January 1984, the new Argentine President Raul Alfonsín announced definitely that Argentine support for the contras was ended and that Argentina would thenceforth align itself on Central American issues with Mexico in particular. *The Washington Post*, January 19, 1984, p. A1.

Honduran border. Whereas guerrillas in El Salvador posed a serious threat to the government with only 7,000 or 8,000 combatants in a nation of almost five million, a force of anti-Sandinista rebels building to twice that size in a country with only half that population made barely a dent in the Nicaraguan power structure.

In May, Suicide personally commanded almost half of the Nicaraguan Democratic Force then in the field. His common-law wife, known as "La Negra," oversaw his logistical support. For months the two of them had worked toward a single strategic goal: to capture the garrison town of Jalapa in Nueva Segovia province. This isolated community in a narrow, fertile valley only a few miles from the Honduran border could then be declared the capital of a new liberated zone and support brought to it in quantity by both air and land links to the Honduran base camps. It was said subsequently that the FDN high command and its CIA advisers (referred to by some FDN members as "the blue eyes" or "E.T., the Extraterrestrial") would not approve such an operation. But when La Negra was killed by a Sandinista ambush in May, Suicide went after Jalapa, literally, with a vengeance. But he was unable to take the town and in the process of trying his forces were cut to pieces. At CIA urging, Suicide was steadily but slowly stripped of his remaining units and finally detained by his superiors.

The incident underscored a major concern among even those congressmen who supported the funding of the contras. Once they were turned on, how could they be turned off? For the concept of symmetry to be credible, there must be a way of effectively cutting back the contra activity should the Sandinistas decide to come to terms. The forces backed by Washington must be under tight control. But the actions of Suicide suggested they were under little or no control.

By late summer a major reorientation of the contras' activities was under way. They were provided with several light airplanes and a new emphasis was put on commando sabotage operations deeper inside Nicaragua, supported by flights from airstrips in Honduras and El Salvador. Their most spectacular operation, the destruction of oil storage facilities in the port of Corinto the night of October 10, reportedly was carried out from a high-speed patrol boat similar to those provided by the CIA to the navies of El Salvador and Honduras.

"We should not—and we will not—protect the Nicaraguan Government from its own people," Reagan had said in April.[12] But we would protect the people fighting against the Nicaraguan government, and the radically increased U.S. military presence in the region was at least partly intended to serve this purpose. Stepped-up raids on Nicaragua were bound to increase the risk that the Sandinistas would try to wipe out the contras' Honduran base camps. The joint maneuvers with Honduras announced in July served to deter such a threat. Hastily planned and haphazardly implemented in August and September, they appeared to have no end as their termination date was pushed ever further into 1984.

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[12] Reagan, *op cit.*

U.S. officials in Honduras argued that, in addition to deterrence, these "Big Pine II" maneuvers served to improve the quality of the Honduran troops and control some of the rashness of leading Honduran officers. As such, the diplomats argued, the maneuvers contained the threat of a spreading war.

But as early as July some FDN leaders also were calling openly for a direct U.S. invasion of Nicaragua, in tacit recognition of the fact that they were making few real inroads against the Sandinistas on their own.

IV

At least as damaging to the Sandinistas as acts of sabotage committed by the contras were their own political blunders.

From the first days after their 1979 triumph at the head of a popular insurrection against the Somoza family's 43-year dictatorship, the Sandinistas moved to consolidate their position as the "vanguard" of a socialist revolution quite different from what many Nicaraguans had expected and many moderate governments had endorsed. With Cuban, East German and other Soviet bloc advisers, the Sandinistas rapidly established a state security organization and system of neighborhood surveillance closely modeled on that of Cuba. Havana's Committees for the Defense of the Revolution (CDRs) became Managua's Sandinista Defense Committees (CDSs). Nicaraguan society was progressively militarized and organized. Organs of the government and the party, which were increasingly indistinguishable, systematically harassed any institution that might provide a focus for organized opposition: the independent newspaper *La Prensa*, the relatively conservative Catholic hierarchy and the intensely evangelical Protestant churches, opposition political parties, labor unions not under Sandinista control, an independent human rights group, and organizations of businessmen.

The structure of a totalitarian system was firmly in place within a year after the end of the insurrection, and by 1982 most of those voices within the original government that were fundamentally opposed to notions of "democratic centralism" and variations on the theme of a "dictatorship of the proletariat" were out of the country, in many cases having chosen self-imposed exile. These included many of the nation's most capable technocrats, political leaders, even heroes of the revolution: the famous Commander Zero, Edén Pastora; former Sandinista Junta members Alfonso Robelo and Arturo Cruz; former director of the Central Bank and member of the elite Sandinista Party itself, Alfredo César.[13]

Many moderate exiles coalesced around Pastora and Robelo in active political opposition to the Sandinista leadership. For a year they eschewed military action in the hopes that they could win international political support and tap into domestic Nicaraguan dissension sufficiently to moderate the Sandinista leadership. Unable to achieve either of these goals, and concerned that he was overshadowed by the burgeoning strength the FDN showed at the time, Pastora took up arms against his former comrades in the Sandinista government in April 1983. With a force of only a few hundred armed men, he began fighting out of bases in the Costa Rican jungle near the San Juan River. Within a few months he acknowledged at least indirect financial assistance and some light airplanes from the CIA, but he continued steadfastly refusing to join forces with the much larger and better equipped FDN.

Despite advice from Robelo and the others that such an alliance would be prudent, Pastora nurtured a long-standing hatred for the officers of the late dictatorship's National Guard. He blamed them for killing his father. He had fought them for more than two decades. And with such men composing the entire general staff of the FDN, Pastora refused to compromise. Moreover, he was convinced that the taint of the *Guardia* would preclude his ever garnering the popular support needed to wage a successful guerrilla war.

Yet, notwithstanding the mounting pressure from their enemies and the bitter disillusionment of their former friends, four years after the Sandinistas seized power the totalitarian structure they created had yet to be implemented with anything like the pervasiveness or force that one sees in Cuba or the Soviet bloc. The power of opposition figures and organizations might be circumscribed, but they continued to exist; roughly half of the gross national product was still produced by private enterprise.[14]

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[13] See Arturo J. Cruz, "Nicaragua's Imperiled Revolution," *Foreign Affairs*, Summer 1983, pp. 1031–1047.

[14] Both the Nicaraguan Planning Ministry and representatives of the private sector agree on this ballpark figure, with the Sandinistas claiming the private sector has a little more, and the private sector claiming it has a little less.

In 1982 the Sandinistas had vastly overreacted to the initial inroads of the contras. In the remote jungles of the Atlantic Coast, where a special force of the native Miskito Indians had been trained to fight them as part of the covert war, the Sandinistas forcibly evicted tens of thousands of other Miskitos from their villages along the Coco River bordering eastern Honduras and relocated them, in many cases after brutal marches, to internment camps. In the northwestern provinces where the FDN was most active, the Sandinistas made many random arrests and in several cases confiscated lands belonging to suspected contra sympathizers. The effect was to create among fiercely independent-minded small landholders—whether the Miskitos in the east or the cowboys of Nueva Segovia in the west—an intense hatred for the new regime in Managua where previously there was nothing worse than apathy toward it.

When the contras blew up two major bridges in the north of the country in March 1982, the Sandinistas declared a state of emergency and moved the implementation of their totalitarian system up a couple of notches. Harassment of *La Prensa* was replaced by overt censorship. More and more pretexts were found for expropriating private lands and companies. Despite cosmetic gestures toward a dialogue, political activities by such opposition parties as remained were increasingly circumscribed. The influential and respected Archbishop of Managua, Miguel Obando y Bravo, who rarely hesitated to confront the Sandinistas on broad questions of political rights or the narrow but vital one of control over the Church and its schools, was the focus of ever more virulent denunciations by the Sandinista press and officials.

All this lost the Sandinistas both domestic and international capital. West European nations that had once given the new Nicaraguan government enthusiastic support, including the socialist governments of Spain and France, now quietly distanced themselves from it.

A low point along this self-destructive path for the Sandinistas came on March 4, 1983, a few minutes after sunset, during the homily of Pope John Paul II. The Pontiff's one-day visit to Nicaragua threatened the Sandinista leadership because he reinforced the stand of the hostile Archbishop, criticized the revolutionary priests who served as active members of the Sandinista government, and undermined the rationale of a "people's church" that provided the Sandinistas with vital ties to the nation's intensely Catholic society. But the Sandinistas apparently believed that they could persuade the Pope to lend them some much-needed support in their fight against the contras, or, failing that, make it appear that he had done so. The front ranks of the crowd massed in July 19 Plaza were packed with Sandinista partisans. As the Pope spoke, they shouted "We want peace." The mothers of Sandinistas killed fighting in the northern provinces pleaded that the Pontiff say something about their children. Chants were led by the police holding back the crowd and at one point eight of the nine top Sandinista commanders were standing, clapping and shouting along with the mobs trying to drown out the Pope's calls for clerical discipline. It was an ugly scene and it was broadcast all over Central America and the world. In one dazzling display of the callowness and arrogance that had cursed their regime since its inception, the Sandinistas handed their opponents a propaganda goldmine.[15]

In June they made another major miscalculation. In what a defector subsequently described as an elaborately planned effort to discredit those political opponents who remained active in the country, the Sandinistas filmed and photogaphed several of their meetings with U.S. Embassy personnel. State Security then released excerpts of these films in the form of a short documentary showing various encounters complete with background music appropriate for an Alfred Hitchcock movie. The *pièce de resistance* was the allegation that the chief political officer of the Embassy had plotted to kill Sandinista Foreign Minister Miguel D'Escoto, an American-educated Maryknoll priest, with a bottle of poisoned Benedictine liqueur. When the political chief and two other members of the U.S. Embassy staff were expelled, Washington retaliated with the expulsion of 21 Nicaraguan diplomats and the closing of all six Nicaraguan consulates in the United States.

On July 19, the fourth anniversary of their triumph, however, the Sandinistas unveiled a new multi-track policy of their own in response to their growing isolation and the mounting pressure orchestrated by the United States. They tried to revive the image of moderation and flexibility, both domestically and internationally, they had cultivated in the first days of their regime. Junta Coordinator Daniel Ortega, the de facto president of the country, emphasized the continued role of the private sector in the economy and the continued existence of pluralistic institutions, and reiterated promises to hold elections in 1985. Ortega also offered to address several issues raised by the United States and by the Contadora talks, including arms trafficking, in a multilateral framework. Nicaragua previously had insisted on bilateral negotiations with Honduras.

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[15] The FDN made the Sandinistas' harsh treatment of some segments of the Church a key point in much of its literature and in its recruiting operations. Several FDN leaders, interviewed in Guatemala during the Pope's tour, were frankly overjoyed at the turn of events in Managua.

In October and November the Sandinistas moved further still in the direction of political moderation, offering a partial amnesty to anti-Sandinista guerrillas, somewhat relaxing their pressure on *La Prensa*, talking to the Catholic hierarchy and promising more details on the kind of elections they planned for 1985. Reports in January 1984 suggested these would follow the conventional Western pattern, with a vote by secret ballot first for a constitutional assembly, then subsequently for president and vice president.

But just as the United States and its allies proffered an olive branch with one hand and put brass knuckles on the other, the Sandinistas combined their conciliatory gestures with a major reinforcement and reorganization of their military machine. They instituted a draft. They reintegrated highly trained reservists, many of whom were veteran combatants, into the militia organizations of their home towns. Every hamlet and village was to become an armed camp with its people expected to defend their own homes in the event of an invasion.

These last moves toward ever more pervasive militarization in a highly individualistic society were not popular. But neither did they provoke anything like the animosity for which the anti-Sandinista rebels and their backers hoped. However much the government in Managua might have cried wolf in the past, a great many Nicaraguans were convinced by the end of 1983 that the war was real, that it was basically an invasion and not an insurrection, and that like it or not they would have to fight.

V

When the Reagan Administration first drew the line against communist advances in El Salvador, in February 1981, there was reason to think that the government forces there could hold off the guerrillas with minimal U.S. support and encouragement. The rebels had just staged a disastrous "final offensive" that revealed a striking paucity of popular commitment to their military ventures. They were unable to capture a single government garrison, much less spark the long-feared insurrection. The Salvadoran armed forces had held the line, as their commanders put it, "without a single cartridge" from the United States. Presumably once those cartridges were provided, along with some M-16s to fire them, some helicopters to carry soldiers around, some advisers to make everybody more efficient, the guerrilla threat could be pushed back in relatively short order.

But after that first blush of apparent success, the army of El Salvador demonstrated such a remarkable capacity for failure that by 1983 some of its officers wondered publicly if a plot were afoot in their own ranks to prolong the war. On the ground in El Salvador, senior U.S. diplomats and military advisers worried about the combination of inefficiency and brutality that were the trademarks of the country's army and security forces. An officer corps ambitious not to command but to do business, trained not for war but for repression, was an inherently unreliable collection of men on which to stake the security of the hemisphere and in which to confide the prestige of a world power.

Deane R. Hinton, U.S. Ambassador to El Salvador from June 1981 until August 1983, reached the conclusion that only what he called "generational change" could begin to reform seriously the Salvadoran military hierarchy. It was not only because they were needed in the field that the Administration funded the training of about 1,000 young Salvadoran cadets and second-lieutenants in 1982 and 1983, more than doubling the size of the officer corps; it was not only to reward capable captains and majors that it pressed the Salvadoran high command to revise its entire system of promotions, which is rigidly based on time served rather than distinguished service: it was in the hope that somehow the young Salvadoran officers emerging from Fort Benning, Georgia, could begin quickly to squeeze out the collection of incompetents (and worse) who ran the armed forces.

The Reagan Administration, however, found such misgivings difficult to acknowledge publicly. Instead, it emphasized a Nicaraguan and Cuban role in the rebels' success at regrouping, rearming and redeploying after the January 1981 debacle. This line reinforced the idea of Soviet-inspired tentacles relentlessly probing the weak underbelly of America's defenses, and the Cubans and Nicaraguans and a variety of other "internationalists" probably did provide important advice and support to the Salvadoran rebels at this stage of their conflict. There was ample evidence of such assistance before 1981, even if it was tainted by the exaggerations of the March 1981 "White Paper" on the subject. There is no question that supply operations and planning generally were facilitated by the Salvadoran rebels' ability to maintain offices, residences and perhaps training facilities in Nicaragua. The Cubans subsequently admitted funneling arms to the Salvadorans during the last months of 1980 and Sandinista leaders made no secret of their "solidarity" with the Salvadoran insurgents. But if arms shipments did continue in 1983 they proved impossible to intercept. The

Reagan Administration cited no solid examples of supposed "major arms shipments" to the Salvadorans after early 1981.

As the conflict dragged on, the opinion grew among a concerned minority of American diplomats and military advisers that the emphasis on Nicaragua's role in El Salvador was misleading and potentially damaging to the war effort there. Even the "command and control" from Nicaragua was less important to the outcome than the relative performance, in combat in El Salvador, of the troops in the field. And on that score, though about 9,000 of them had received U.S. training in one form or another, the government forces were sadly lacking. Moreover, many of them simply declined to reenlist after two years of service, and some went over to the side of the guerrillas.

To suggest, as was sometimes done by both the Salvadoran and the American administrations, that the rebels were somehow better armed and supplied and trained than the government forces, rather than better led and more committed to the fight, was a dangerous misconstruction of the situation. Some Salvadoran commanders used the Nicaraguan-Cuban-Soviet connection as an excuse for their own incompetence, arguing that they could hardly be expected to wage war against the assembled forces of the East and openly asking why Washington didn't do the job itself. Many more officers tended to wage a "nine to five" war, taking weekends off and closing themselves up in their garrisons after normal working hours; conscripts were slow to enter combat and increasingly quick to surrender if the battle turned against them.

The lenient prisoner policy first implemented and publicized by the rebels in mid-1982 became a key factor in their 1983 successes, and it was vitally linked to their ever-improving supply situation. Captured government soldiers, especially those who surrendered with their arms, were often held only a matter of hours before being released. Small concentrations of government troops, particularly the little garrisons that used to be stationed in rural villages, were attacked systematically with overwhelming concentrations of rebel forces. Those who surrendered were spared and, given the uncertainty of reinforcement in many areas, there was little incentive to stand and fight. Throughout 1983 the guerrillas could make credible claims that most of their weapons, including even mortars and artillery pieces, came from the United States by way of captured government troops. By contrast, a May to August amnesty offered by the government to the guerrillas appeared to have little impact.

The Salvadoran military has always suffered from bitter infighting. After the reformist coup in October 1979 three fairly distinct groupings of officers became discernible: the leftists who were disposed to talk to and possibly even collaborate with some of the insurgent factions; the rightists, whose vision of what their country needed was not just anti-communist, but actively Fascist in the tradition of Argentine, Spanish and Italian Fascism dating back to the 1930s; and a third, ideologically ill-defined group that was characterized mainly by opportunism. With the acquiescence of the U.S. embassy, most of the left wing was forced out of command and in many cases out of the country in 1980. The power of the rightists also was circumscribed to some extent, and faith was put in the opportunists, led by the defense minister, General José Guillermo García. But this last group proved singularly inept and, it was frequently alleged, corrupt even by Salvadoran standards.

On January 7, 1983, rightist Lt. Colonel Sigifredo Ochoa, who had made his reputation as a uniquely successful provincial commander in the mountain province of Cabanas, refused to obey orders from García transferring him to Uruguay as a military attaché. He put his troops on alert and declared himself "in rebellion." Not a shot was fired in the six-day mutiny, but it effectively broke the power of the long-standing defense minister and a secret agreement was made for García to resign after three months. In April, under threat of a second mutiny by the Air Force, the agreement was kept. The new defense minister, former National Guard commander General Carlos Eugenio Vides Casanova, opened the way for a major resurgence of the ultra-right in the military by appointing that faction's most senior officer as head of the elite and secretive Treasury Police at the end of May.

These right-wing officers were tied to a civilian power base through retired Major Roberto D'Aubuisson, elected president of the constituent assembly and very nearly president of the country in March 1982. But it was only in 1983 that they were able to assert themselves as a major force in the army command structure. The issue they used was the conduct of the war, and the increasingly frustrated U.S. advisers went along with them. Members of the rightist faction were given key commands in the general staff and major provincial garrisons in hopes that they would prosecute the fight against the communists more effectively than their less ideological predecessors.

Despite much tough talk, most of the ultra-rightists were slow to prove their worth on the battlefield. Several of the newly ascendant commanders were also linked to the resurgence of a phenomenon abhorrent to American values and potentially disastrous for American support: the self-styled "death squads" that capture, torture, terrify and kill anyone even suspected of "subversive" activities. Among their victims were American nuns and labor advisers. Iklé, among others, called these groups "fascist" and said they were as dangerous to American goals in El Salvador as the rebels.[16]

But any serious effort to eliminate the death squads immediately ran up against the problem that a large segment of the officer corps was likely to be implicated, including especially that group on which the conduct of the war now reposed. Vice President George Bush paid a special visit to El Salvador in December to demand that these groups be cleaned up immediately and that at least some of the officers associated with them be forced into "diplomatic" exile. But the Salvadoran government was slow and less than enthusiastic about acting on the demands. In practical terms, it was difficult to see how it could.

VI

The Salvadoran war is a cyclical affair. Guerrilla activity normally peaks around January and February, in the middle of the dry season, then subsides from late spring to early fall during the rains. It took the rebels a year to regroup effectively after the abortive offensive at the beginning of 1981, but in the winter of 1982–83 and again in the early winter of 1983–84 they not only seized the initiative, they made major advances.

At the end of January 1983, the guerrillas struck the important coffee town of Berlin in the center of the country and held it for three days during government bombing attacks that killed scores of civilians. Throughout the dry season the insurgents steadily won control over large villages and towns where they did not previously have significant support. Salvadoran army commanders simply decided to abandon these population centers rather than risk having their men captured and their weapons taken, but in many cases all non-military government services, including schools and various public works projects, continued to function intact. Commerce went on more or less normally even though the men in uniform strolling the streets of La Palma in Chalatenango province or of Corinto in Morazan were members of the rebel army rather than the government's.

Much of the rebel doctrine about popular support was, until this new phase of the war, a matter of theory. After the destruction of their urban bases through massive repression and death squad activity in 1980, they had lived and fought in thinly populated mountain regions essentially isolated from the Salvadoran majority. But as village after village came into their hands, they now had a chance to come down from the mountains, to make contact with civilians who were apathetic or even hostile to their cause, and to begin once again their practical efforts to build broader political foundations.

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[16] Hedrick Smith, "Pentagon Aide Bids El Salvador Curb Rightists," *The New York Times*, November 17, 1983, p. 1-A. See also Christopher Dickey, "Behind the Death Squads," *The New Republic*, December 26, 1983, pp. 16–21.

Many Salvadorans were weary of the rebels' relentless attacks on the country's economic infrastructure as a means of weakening the government. The guerrilla sabotage—blowing up power lines and bridges, burning trucks and buses, torching crops and factories—caused an estimated $600-million damage to the Salvadoran economy in four years. Combined with the massive flight of capital scared out of the country by the war, and the more generalized ills provoked by the sluggish world economy and low commodity prices for Salvadoran exports, the impact was devastating. Real per capita income plunged by 35 percent from 1978 through 1983 despite hundreds of millions of dollars in U.S. economic assistance over the same period.

The much-publicized agrarian reform program, hastily created in 1980, contributed to a major decline in production of export crops, and while it may have helped diminish support for the insurgency during its first few months of promises, as it was implemented it had little of the sweeping social and political effect for which it was designed. It initially redistributed about 20 percent of El Salvador's arable land and broke the hold the old agrarian oligarchy had over farm production. But instead of expanding as originally planned, the reform program was undermined by the right-wing leadership elected to the constitutional assembly in March 1982, by insufficient funds, lack of expertise, and of course by the fighting. The agrarian reform clauses in the draft constitution were the focus of fierce debate and kept that document from being concluded until late in 1983. As finally approved, they severely limited the prospects for any further attempts at sweeping redistribution of land.

As bad as the military and economic fronts appeared, the political one looked little better. In early March the Reagan Administration pressed the Salvadorans to push the date for presidential elections up from the spring of 1984 to late 1983. In the wake of Berlin and the Ochoa mutiny the government was seen as weak and ineffective, with the question of who was in charge in serious doubt since the end of Defense Minister García's clearcut authority. Parliamentary maneuvering by members of the old "official" Salvadoran government party had cost right-wing extremist Roberto D'Aubuisson his clearcut majority coalition in the constitutional assembly in January, but he remained its president. Meanwhile, interim President of El Salvador Alvaro Magaña had no clear constituency at all; he had been appointed in April 1982 at the insistence of García and the U.S. Embassy in order to thwart D'Aubuisson's bid for the top job. Although Magaña eventually gained widespread respect for his efforts to forge compromises among the participants in the government, given his interim status he was never able to push hard or far enough on the nation's toughest problems to lead. It was all he could do to survive.

In mid-1983, as the new constitution remained unfinished month after month, the date for elections was once again pushed back to March 25, 1984. The two main candidates emerged as D'Aubuisson and the Christian Democrats' José Napoleón Duarte, president of the military-civilian government junta until the March 1982 elections, although there were some slim hopes that other names might surface later in the campaign. The growing strength of D'Aubuisson's faction in the military raised fears among some diplomats that the extreme right would take radical action if he did not win at the polls—and that Congress would cut off all aid if he did.

Fortunately for the shaky Salvadoran regime, its rebel adversaries had their own serious problems in 1983. Salvadoran Marxists had fought among themselves for almost as long as they had fought against the government. Intense rivalries among the rebels led to multiple schisms and several intramural murders in the 1970s. After the five different Salvadoran guerrilla organizations pulled together into the coalition known as the Farabundo Marti National Liberation Front (FMLN) in 1980, they tried to patch over their differences publicly. But serious antagonisms remained behind the scenes. When the war entered crucial stages in 1983, those differences erupted with extraordinary brutality.

On April 6, Melida Anaya Montes, the second-in-command of the oldest and most dogmatic of the Salvadoran rebel organizations, was murdered in her Managua, Nicaragua, residence, stabbed scores of times with an awl by people who hoped to blame the murder on the CIA. But Sandinista police soon discovered that the killing was the work of other top commanders in her organization and had been ordered by its founder, Salvador Cayetano Carpio. Confronted with this information by his erstwhile friends among the Sandinistas, Cayetano committed suicide.

The rebels and their political spokesmen in the Revolutionary Democratic Front (FDR) could no longer credibly deny their extensive presence in Managua, and the bloodletting evinced intense hatreds within their organizations that could not bode well for El Salvador should they win the war there. But the spokesmen insisted that the April killings were the end of a schism rather than the beginning of one. Anaya Montes was said to have represented the part of her organization that favored greater cooperation with the other rebel factions and more rapid accommodation and compromise with the Salvadoran government should the occasion arise. Cayetano Carpio, 63, steadfastly refused to dilute his dogma of "prolonged popular war."

Although both were now dead, guerrilla spokesmen insisted that the pragmatic, "moderate" line had won out. But control over the most intransigent elements of Cayetano's forces remained tenuous for months after his death. On May 25 an urban "commando" group from his faction—in effect a left-wing death squad—murdered Navy Lt. Commander Albert Schaufelberger III, the second highest ranking officer in the U.S. military group in San Salvador, the first U.S. adviser to be killed in El Salvador. The act was of dubious benefit to an organization desperately interested in maintaining a favorable image before the eyes of the American public. The same day, other members of Cayetano's faction murdered as many as 30 captured soldiers at a bridge on the Pan-American Highway, seriously damaging for several months the carefully laid strategy of encouraging surrender.

It was precisely at this juncture that the government began a much-publicized pilot project aimed at rolling back the military initiatives of the guerrillas, reactivating the economy and restoring the political image of the government at local levels. An ambitious "National Plan" was begun in two strategically located central provinces during the traditional pullback of the guerrillas, the rainy season when crops are planted. Mostly drawn up by Americans and modelled on the lines of the CORDS program used in Vietnam, the plan was to combine a pervasive military presence with extensive aid and "civic action" programs intended to convince the local population that the government would offer it concrete benefits while the guerrillas offered nothing but death and destruction. But many of the Salvadoran officers running the project had little faith in its efficacy. They were, not unwisely, concerned about the concentration of resources in two central provinces that left the rebels virtually complete freedom in four or five others.

By the end of the rainy season in September, the rebels had reshuffled the command of the old Cayetano organization once again and began to demonstrated widespread military cooperation among their factions. They started their new series of dry-season offensives by briefly but completely overrunning San Miguel, the third largest city in the nation. When fighting intensified month after month, interest in the National Plan on the part of the government and claims for it by the embassy subsided quickly.

And the rebels made striking gains at the end of the year. On December 30, the Salvadoran army allowed the most modern U.S.-designed garrison in the nation to be overrun by a guerrilla force that it had not even known was in the area. Two days later, in the first hours of 1984, the rebels blew up the largest, and supposedly the most heavily guarded, bridge in the country.

VII

While North Americans conjured images of falling dominoes when they talked of rebel victories in Central America, the people of the nations neighboring war-torn Nicaragua and El Salvador talked of a spreading "cancer." Like the Reagan Administration, the governments of Honduras, Costa Rica, Guatemala and Panama were persuaded that the burgeoning military strength of Nicaragua was a potent threat to their own security and that a rebel victory in El Salvador, establishing a second expansionist revolutionary regime in the area, would be a disaster. But there was little consensus among them on what concrete steps they might take to eliminate the threat. And there were persistent worries among political moderates that the suggested cures, especially the ever-increasing militarization underwritten by Washington, could prove as dangerous as the disease.

Nowhere was this debate more intense, open and complex than in Costa Rica, sandwiched between revolutionary Nicaragua and strategic Panama. It is the region's only well-established Western democracy, but it gained that status, most Costa Ricans believe, by abolishing its armed forces in 1948 and establishing an extensive social welfare system. Few Costa Ricans have any desire to revive their army, given the penchant of Latin American military men to tolerate civilian democracies only reluctantly and eliminate them quite readily. But at the same time few Costa Ricans could be comfortable with the unprecedented build-up of the Sandinistas' military machine to their north. Having provided the Sandinistas with asylum and a staging area in their wars against the Somozas, Costa Ricans viewed the ominous new regime in Managua with something of the loathing and mistrust that Dr. Frankenstein felt for his monster.

When the government of President Luis Alberto Monge was elected in 1982 it quickly staked out a pro-American, anti-Sandinista stand. But it argued consistently that the best way for the United States to help it preserve its democracy was to underwrite Costa Rica's faltering economy, with its heavily subsidized health, education and welfare programs. Although some limited steps were taken to improve the performance of existing police or Rural Guard units, including training of Costa Rican military instructors at the U.S. Army School of the Americas in Panama, Monge still wanted to avoid confrontations with the government in Managua.

Former Sandinista commander Edén Pastora's decision to fight his former comrades, however, presented Costa Rica with a problem it could not easily finesse. Pastora was a hero to many Costa Ricans, having been exiled to Costa Rica in Somoza's time; after his spectacular 1978 raid on the Managua National Palace as "Commander Zero" he was the principal spokesman for the most moderate Sandinista views—what might even be called the Costa Rican line—during the insurrection. When he came out publicly against the Sovietization and the corruption of the Nicaraguan revolution's original goals in 1982, the Costa Ricans were quietly pleased. But as Pastora began actively to wage war against the Sandinista leadership from Costa Rican territory in 1983, they were compromised. There was tension throughout the year between those members of the Costa Rican government disposed to help Pastora's fledgling efforts and those who saw them as dangerous adventurism. Costa Rica had no military shield to protect it from Sandinista retaliation.

At first the United States, working closely with then Costa Rican Foreign Minister Fernando Volio, pushed for more military training and, in various guises, the beginnings of a serious American military presence in the country. U.S. Navy construction crews were sent to the northern Costa Rican province of Guanacaste to dig wells within a few minutes drive of the Nicaraguan border. General Paul F. Gorman of the U.S. Southern Command in Panama proposed a roadbuilding program that would have put hundreds, possibly thousands, of U.S. troops into the border region. Costa Rica was even asked to sit in on talks about mutual defense agreements in the region. But as Pastora's efforts showed few short-term results and the internal consequences of such increasingly overt militarization were more closely considered, Monge publicly opted for neutrality in the region's wars, hoping to reestablish his country's position as a "Switzerland" of Central America.

Nicaragua's northern neighbor, Honduras, was as aggressive as Costa Rica was ambivalent. A large and underpopulated republic, Honduras has been invaded and exploited through most of its history. American fruit companies were decisive in its economic development. Palestinian immigrants picked up most of the remaining business opportunities. A succession of military regimes were distinguished mainly for their corruption. A three-day war with El Salvador in 1969 ended with humiliating defeats. Yet Honduras traditionally has had a remarkable resistance to the class conflicts that help foment revolution among its neighbors.

When the Honduran people were given a chance to vote for a new civilian government in 1981, the turn-out was massive and enthusiastic. But in order to preserve his regime and to gird for what many of his officers saw as the coming war with Nicaragua, President Roberto Suazo Cordova increasingly relied on the Argentine-trained head of the armed forces, General Gustavo Alvarez Martínez. In a country where the military traditionally runs the government, the General was more prominent than the president. Alvarez Martínez was straightforward about his desire to eliminate the Sandinistas. "Everything you do to destroy a Marxist regime is moral," he said in July.[17] But Alvarez Martínez lacked the army to fight the war himself. With only 15,000 men, and many of those press-ganged into service, even his greatly superior air force did not make his military a match for the Nicaraguans. U.S. diplomats faced the challenge of committing sufficient resources to Alvarez Martínez to protect and satisfy him without allowing him to set the agenda for the commitment of U.S. troops to combat or support roles in a wider war.

Guatemala's 22,000 soldiers were the best-trained, most effective troops in Central America, but they had two major liabilities: a grim record of atrocities dating back over 20 years in a fight against simmering insurgencies, and a penchant for putting some of their most corrupt generals into the presidential palace.

From March 1982 until August 1983, President Efraín Ríos Montt made some important changes in the usual scenario. Whole villages suspected of guerrilla sympathies were wiped out, but the massacres were carried out with carefully calculated effect. Montt's message to his country's Indian majority was simple; his government could protect the villagers from the rebels, but the rebels could not protect them from the government. Everyone had to choose allegiance, and most people chose the government, at least temporarily.

At the same time, Ríos Montt reduced dramatically the murders of dissidents in urban areas where these readily came to the attention of the church, the press, and human rights organizations. Ríos Montt promised to follow up his military campaigns with development programs to win the long-term loyalty of the Guatemalan people, both Indian and Ladino. He was adamantly opposed to the kind of pervasive corruption most of his predecessors had shown. And such policies made major strides against what had been a burgeoning insurgency. But Ríos Montt's political acumen was undermined by his fanatical devotion to a California-based evangelical church and its elders who surrounded him as advisers. His loyalty to this group eventually cost him the tenuous fealty of his troops, and the desperately needed international economic backing he had promised never materialized.

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[17] Christopher Dickey, "Exercises Said to be Shield for Honduras," *The Washington Post*, July 28, 1983, p. A1.

The February murder of Guatemalans working under contract with the U.S. Agency for International Development and repeated lies about the incident by the defense minister, General Oscar Humberto Mejia Victores, helped sour the U.S. embassy on Ríos Montt's regime, and even though some of the human rights restrictions on military sales to Guatemala were lifted, Washington was reluctant to fight for aid to such an eccentric regime. Montt's nationalistic and evangelistic fervor also made him an unpredictable element in the regional military alliances being forged in the face of the Nicaraguan threat.

On August 7, after months of trying to thwart plots with promises soon broken, Ríos Montt was ousted in a coup. His replacement was none other than Mejia Victores. After a few token statements indicating his will to reform the regime and pursue democratic goals, the new head of state returned the government to its pre-Montt patterns: killings rose dramatically in the cities; corruption once again reached embarrassing and demoralizing levels; the guerrillas began to regroup. But Guatemala did appear increasingly receptive to the idea of military cooperation with its neighbors.

VIII

Several influential policymakers in the Reagan Administration, most conspicuously Jeane Kirkpatrick, believe in principle that Latin Americans should take the lead in resolving their problems while the United States merely plays a role of strong support. In practice, the appearance of Latin initiatives might have to be accepted as sufficient. For most of the last three years the Reagan Administration has attempted to foster regional political alliances isolating Nicaragua.

In 1982 the Central American Democratic Community provided the semblance of such a framework, although Enders played such a prominent role in its deliberations and decisions at the San José meeting in September 1982 that the credibility of Central Americans making their own initiatives was damaged. In 1983 the CADC faded into the background and two other groupings came to the fore. At an October meeting of regional military chiefs and U.S. officials in Honduras, steps were taken toward reactivating the long moribund Central American Defense Council, which could bring together the armies of the subscribing nations—Guatemala, El Salvador, Honduras and Panama—for joint actions. Over the summer a Regional Military Training Center was established under U.S. and Honduran auspices at Puerto Castilla, Honduras. Its primary purpose was to train quantities of Salvadoran troops without raising the Administration's self-imposed limit of 55 U.S. military advisers inside El Salvador. But another major goal was to enhance cooperation among the Salvadoran, Honduran and Guatemalan armies, all of which were expected to train units there. The Sandinistas called this a transparent preparation for invasion, but the likelihood of these traditionally antagonistic national armies working together effectively seemed small.

A completely different initiative, and one with impeccable regional origins, was the much publicized "Contadora Process," named for the Panamanian island where the foreign ministers of Mexico, Venezuela, Colombia and Panama first came together in January. Organized as a joint effort for peace explicitly omitting direct U.S. participation and, presumably, U.S. machinations, it presented the Reagan Administration with both a challenge and an opportunity.

As Mexico and Nicaragua viewed it, the initiative was aimed at preventing the United States from invading Nicaragua, thus buying the time and providing a forum for a negotiated settlement that might guarantee the survival of the Nicaraguan revolution. "Contadora," said Sandinista Commander Tomas Borge ten months after the process began, "is a retaining wall and a pathway."[18] But for the Reagan Administration and the nations it supported in the region, Contadora offered other possibilities: a means to isolate and pressure the Sandinistas without Washington seeming the instigator. It was the tension between these wholly different views of what Contadora was supposed to achieve that prevented it from reaching concrete results despite endorsements by everyone from Fidel Castro to Ronald Reagan.

In September the four Contadora countries and the five Central

[18] Notes from a conversation with Sandinista Interior Minister and Commander of the Revolution Tomas Borge, Managua, Nicaragua, October 1983.

American republics, including Nicaragua, endorsed a 21-point framework for peace. Key elements included a withdrawal of foreign military advisers and firm promises that national territories would not be used for attacks on neighbors, as well as a ban on undercover arms trafficking and the identification and elimination of "irregular forces." But for such agreements to work among parties as hostile as Nicaragua and its neighbors there would have to be strict verification, and since the essential nature of the actions in question was that they were covert, hidden, illicit, it was difficult to imagine how that might be possible. At this point in the Central American conflict, moreover, the Marxist Nicaraguan government and the Salvadoran rebels probably could survive under such agreements, but the U.S.-backed Salvadoran government and the Nicaraguan rebels almost certainly could not.

"Democracy," as used in the Contadora proposals by Nicaragua's antagonists, meanwhile became something of a code word for the elimination of the Sandinista Directorate. Honduran and other officials assumed that the Sandinistas could not possibly be elected if they subjected their government to a fair test at the polls, and that if they were elected in the vote scheduled for 1985 then the vote could not have been fair.

The Contadora Process and the peripatetic initiatives of Ambassador Richard Stone came to be viewed with increasing cynicism in the region. Speaking of Reagan's special envoy at the end of August, one top Salvadoran official said privately, "I don't think he's doing anything. . . . I think he likes to travel." There was a pervasive sense of apprehension on the isthmus, and little confidence that the problems of the area might be resolved short of major confrontations.

IX

Then, suddenly, events in the Caribbean, thousands of miles to the east, threw new and even more unpredictable elements into the Central American equation.

President Reagan's decision to send U.S. troops into Grenada at the end of October was described by Administration officials as a move based on very special circumstances, a rescue mission to extricate 1,000 Americans, mostly medical students, who might otherwise have been taken hostage. Without that important element to win political support in the United States, it probably would not have taken place. But as unique as the Grenada invasion was in some ways, there were precedents set there with important potential applications to Central America.

The Reagan Administration had expressed growing concerns about Maurice Bishop's four-year-old Marxist government on Grenada throughout 1983 as the controversial international airport there neared completion. The Grenadans wanted it, they said, so that something bigger than a Beechcraft could start bringing tourists to their beautiful but cash-starved island. But what was the Cuban and Soviet interest?

Seven months before ordering the invasion, in a televised speech defending his defense budget on March 23, President Reagan showed a reconnaissance photo of the runway and warned the American people:

> On the small island of Grenada at the southern end of the Caribbean chain, the Cubans, with Soviet financing and backing, are in the process of building an airfield with a 10,000 foot runway. Grenada doesn't even have an air force. Who is it intended for? The Caribbean is a very important passageway for our international commerce and military lines of communication. More than half of all American oil imports now pass through the Caribbean. The rapid build-up of Grenada's military potential is unrelated to any conceivable threat to this island country of under 110,000 people, and totally at odds with the pattern of other eastern Caribbean States, most of which are unarmed. The Soviet-Cuban militarization of Grenada, in short, can only be seen as power projection into the region, and it is in this important economic and strategic area that we are trying to help the governments of El Salvador, Costa Rica, Honduras and others in their struggles for democracy against guerrillas supported through Cuba and Nicaragua.[19]

In Reagan's April 27 address to a joint session of Congress, he again mentioned Grenada prominently. Referring to an incident a few days before when Libyan cargo planes bound for Nicaragua with a disguised shipment of weapons were detained by authorities in Brazil during a refueling stop, Reagan said, "If that airfield on Grenada had been completed, those planes could have refueled there and completed their journey."

These statements apparently were intended as warnings to Grenada. But the Administration did not include military actions related to Grenada when it stepped up its actions in Central America in July, and when the invasion did come in October there was no evidence that the Administration was acting on the basis of preconceived military plans.

In June, Maurice Bishop visited the United States. The highest ranking official to receive him was National Security Advisor

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[19] Ronald Reagan, "Peace and National Security: A New Defense," delivered from the White House, March 23, 1983. *Vital Speeches of the Day*, April 15, 1983, Vol. XLIX, No. 13, Southold (N.Y.): City News Publishing Co.

William Clark, who reportedly told him that the United States was ready for better relations with Grenada but wanted actions to back up Bishop's expressions of good will. In hindsight, Bishop's visit may have been a desperate attempt to head off growing extremist opposition, and he may genuinely have wished to reduce his Cuban ties or at least balance them with some links to the United States. But the Administration had almost no accurate intelligence on what was happening in Grenada and apparently did not see these possibilities.

Then, on October 13, Bishop was arrested by extremist colleagues under the leadership of Central Committee Member Bernard Coard and General Hudson Austin. On October 19 he was freed by enthusiastic followers only to be murdered by the extremists the same day. There was little doubt that Coard and his cronies were an unsavory crew. Fidel Castro minced no words in his description of them a couple of weeks later, likening them to the infamous "Pol Pot group" in Cambodia and calling them "hyenas emerged from the revolutionary ranks."[20]

The tightly knit societies of the tiny island nations in the Eastern Caribbean, meanwhile, linked by their common heritage as quiet little British colonies that quietly attained independence in the last two decades, felt genuinely threatened by the radicalism and violence they saw in the new Grenadan regime. In a series of urgent consultations after October 19, several members of the Organization of Eastern Caribbean States wished the United States to act at once. The charter of the Organization provided that its members might appeal unanimously for outside help in the event of external intervention. The six-nation request was not unanimous—and the case for "external" intervention was not then made—but it was on this appeal that the Administration relied heavily when it decided on the weekend of October 23 to go ahead. (The Administration's case would be aided later by the news that the British-appointed governor general of Grenada, Paul Scoon, who had been under house arrest, had also made a call for U.S. help. But, unfortunately, consultation with the British government itself was at best incomplete; Prime Minister Margaret Thatcher learned of the decision to invade only after the action was underway, and immediately expressed strong reservations.)

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[20] Fidel Castro, "Farewell address by Commander In Chief Fidel Castro, First Secretary of the Central Committee of the Cuban Communist Party and President of the Councils of State and Ministers, in funeral homage to the heroes fallen in unequal combat against Yankee Imperialism in Grenada: Delivered at Revolution Square, Havana, November 14, 1983." Published as an advertisement in *The New York Times*, November 20, 1983, pp 60–61.

As stated by President Reagan in a letter to the Speaker of the House on October 25, the day the Marines landed, the basic reasons for the invasion were the protection of American citizens and the restoration of order and democratic rule in conjunction with Grenada's neighbors in the Organization of Eastern Caribbean States. A third objective set forth explicitly in the written presidential order to invade, but not mentioned in the letters to Congress, was to eliminate Cuban "intervention" on the island and make sure it could not take root again.[21] Not to have moved against a Marxist government with fewer than 10,000 troops on a minuscule island, Administration officials said at the time, would have made the United States seem a "paper tiger."[22]

Just how much danger the Americans on the island actually faced remains a matter of debate. Although tensions were high and the presence of Grenadan troops nearby appeared threatening, no direct threats actually were made. A U.S. intelligence report from Barbados on October 24 raised the possibility of a hostage situation only to the extent that Grenada's new leaders saw the prospect of an evacuation as a prelude to an invasion; a justified concern considering the order to land had already been signed at that point.[23]

The Administration's concern about the airport facility and the projection of Soviet-Cuban military power was also subject to contradictory evidence. The 750-man Cuban "labor" force showed considerable fighting ability, putting up by far the most effective resistance to the U.S. troops. On the other hand, British engineers who designed the airport insisted that they had done so to civilian specifications and that there were none of the special facilities needed for military use.

The U.S. forces did discover substantial arms caches and other military equipment, as well as documents reconfirming and strengthening the picture of Cuban and Soviet influence on the Grenadan regime. Although much of its evidence was gathered after the invasion, the Administration was able to present the American public with a fairly convincing portrayal of Grenada as an outpost of Cuban and Soviet subversion. The U.S. news media were outraged by their exclusion from the island for the first two days, triggering a separate controversy and raising some questions in the minds of reporters, if not in the mind of the public, about the credibility of some Administration claims. But the President's October 27 speech (which also dealt with the disastrous bombing of the Marine barracks in Lebanon on October 23) turned the tide of public opinion strongly in the Administration's favor.

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[21] See Don Oberdorfer, "Reagan Sought to End Cuban 'Intervention'," *The Washington Post*, November 6, 1983, p. A1.

[22] Bernard Gwertzman, "Steps to the Invasion: No More 'Paper Tiger'," *The New York Times*, October 30, 1983, p. 1-A.

[23] Oberdorfer, *loc. cit.* footnote 21.

So, after an 18-year hiatus, the United States returned to its tradition of gunboat diplomacy in an action that could be deplored in principle but was difficult to condemn in practice. Americans were proud of it. With minimal casualties and an enormous outpouring of popular support back home, the U.S. armed forces achieved all three goals set for them in the invasion order. The whole military operation lasted less than two months, of which only a few days saw any fighting. The last combat troops were withdrawn from the island on December 15; meanwhile millions of dollars were directed toward its economic development. There was no independent government for the time being, but news stories led one to believe that many Grenadans, after the traumas of the last few years of independence, were satisfied, at least temporarily.

And if Grenada "shook them up in Nicaragua," as one Administration policymaker put it, that was all to the good. The specter of a hostage-taking made Grenada's situation unique, but the other justifications for invasion had more general applicability.

One of these might be called the "bad neighbor policy," based on the idea that a group of friendly nations can invite the United States to invade a neighbor they see as threatening, sending only token forces of their own. Certainly the various regional alliances fostered and revived with Washington's encouragement could provide a convenient framework for such a request in Central America.

An equally threatening precedent for the Sandinistas lay in the notion that when a revolutionary government falls apart violently and no immediately recognized regime takes its place, the United States somehow has the right, if not legally then morally, to restore that country's domestic tranquility through military occupation.

The eventual goal of the "secret" war against the Sandinistas might be to provoke just such a breakdown. Several Administration officials said privately that they believed the nine-man Sandinista National Directorate, Nicaragua's supreme ruling body, could be made to crack. They saw this collegial form of government, which had persisted for more than four years since the insurrection, as anomalous or, as one put it, "unnatural." There were few if any precedents for such a thing in the history of revolutions generally and Latin America particularly. It was viewed as strange that no single dictator had seized power from his comrades, or even made a visible effort to do so, especially given the long history of divisions and debate over dogma among the nine *commandantes* before they took power in 1979. More pressure in the form of contra attacks and economic sanctions might lead to its disintegration. If Nicaragua were without a government, if its neighbors called on Washington to restore order, the example of Grenada now existed as, in many ways, a useful precedent.

X

At the close of the year Central America seemed on the verge of a region-wide war, and what role the United States might play in such a conflagration remained, at best, a matter of conjecture.

The Reagan Administration's arguments about strategic security interests, and the obvious shortcomings of the Central American armies charged with defending those interests, seemed to dictate a direct commitment of U.S. force, either through airpower and tactical support, or with troops. But congressional and public opposition and the political reality of upcoming presidential elections in the United States argued strongly, perhaps decisively, against any such actions.

On January 11, 1984, when the National Bipartisan Commission on Central America, headed by former Secretary of State Henry Kissinger, presented its findings to President Reagan, there appeared little chance that it would succeed either in establishing long-term policy or in taking the Central America issue off the 1984 hustings.[24]

Speculation about the impact of the U.S. election year meanwhile weighed heavily in the strategic calculations of the warring parties. El Salvador's rebels, particularly, debated how far and how fast they could move against the Salvadoran government in terms of how constrained Reagan might be by election year politics. The rebels had been unable to revive their urban organizations sufficiently to stage a quick and overwhelming insurrection, even if they were to have the popular support they presume they have. But their domination had grown steadily over the third of the nation east of the Lempa River. It was practically an article of faith among El Salvador's rebels that President Reagan would commit American airpower and possibly combat troops to the Salvadoran war if the government began to fall. But on the other hand the rebels said they believed that Reagan would commit the United States to direct involvement anyway if he won a second term. Such thinking encouraged them to move as hard and fast as they could at the beginning of 1984.

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[24] Six months of research (though only six days in Central America) and some intense internal debate had produced a document that, taken as a whole, would have represented an unprecedented commitment of U.S. resources to the peace and development of the Central American isthmus. But it was clear from the time the first news stories appeared on the report the week before its release that neither the press, nor Congress, nor the Administration itself was going to consider it as a comprehensive and indivisible package. Realistically, it probably could not be. The most farsighted recommendations for billions more dollars in carefully programmed funds for the isthmus depended on a Congress with little enthusiasm for such ambitious funding.

In its appraisal of the threat to U.S. security and the present nature of the wars in Central America, however, the commission had a more immediate impact. Its liberals supported the Administration's darkest vision of the Soviet threat, a rationale for virtually open-ended commitment of military resources, in return for the token gesture of a congressional certification requirement that the Salvadoran military make improvements in the area of human rights. Because President Reagan had vetoed a similar requirement only a few weeks before, this became the focus of much attention. But since the same soldiers who have to be certified remain the only thing standing between the United States and the Soviet-Cuban threat, as Washington saw things there was no way to give them a failing grade without forfeiting the game to Moscow.

The Sandinistas meanwhile had taken about as many conciliatory steps as they were likely to be willing to do. They believed that the Reagan Administration and Honduras would not be satisfied until they gave up so many of their principles—Marxist, internationalist, "anti-imperialist"—that they stopped being Sandinistas.

At the end of the year, some State Department officials privately expressed hopes that the Administration, having pushed as far as it was reasonable to go in Central America, would then be more willing to bend in negotiations. What form such flexibility might take was unclear.

One possibility would be for Washington to step back from its insistence on fundamental internal changes in Nicaragua's government. In El Salvador, if the regime there could survive through the scheduled March elections and Duarte were to win, he might be in a position to hold more substantive talks with the rebels than previous governments have been able or willing to do. In the summer of 1984, particularly if the Salvadoran government showed its usual wet-season strength, Reagan could present himself as a moderate man of peace by accepting some previously unacceptable terms of negotiation with the Sandinistas and the Salvadoran rebels. But that would mean a retreat from ideology. And the ineluctable trend in the Administration has been to draw its line ever harder and ever deeper in Central America's sands.

Riordan Roett

DEMOCRACY AND DEBT IN SOUTH AMERICA: A CONTINENT'S DILEMMA

Democracy and debt were a macabre *pas de deux* in South America during 1983. As military regimes withdrew in disgrace (Argentina), further liberalized (Brazil), or tried to cope with vigorous popular pressures to restore democracy (Uruguay and Chile), that welcome news was haunted by the growing social and political implications of the continent's economic difficulties. The growing foreign debt burden has become the most visible manifestation of the current economic crisis, the worst in more than 50 years.

The quality of life has deteriorated dramatically in most of the countries of South America, largely as a result of stabilization programs and austerity measures implemented in 1983. Outbursts of rioting and growing street demonstrations indicate a decreasing tolerance for belt-tightening among the poor and middle sectors of the populations. Many ask if it is possible for fragile democratic institutions to meet the demands of the International Monetary Fund and the international private commercial banks, and simultaneously to respond to the expectations and needs of their citizens.

U.S. policy in the Western Hemisphere in 1983 continued to emphasize what the Reagan Administration has taken to be America's "backyard" in Central America and the Caribbean. Indeed, the early twentieth-century reality of the "big stick" and "gunboat diplomacy" returned for many observers as American troops landed in Grenada, the number of U.S. advisers increased in Central America, U.S. covert aid for guerrillas became overt, and American warships steamed off the coast of Central America. These actions were a warning to unfriendly governments that the Reagan Administration was committed to a reassertion of what it perceived as U.S. vital interests in the region. Headlines trumpeted the meandering

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of the Contadora Group (a regional peace initiative by Colombia, Mexico, Panama and Venezuela) as well as the deliberations of the Kissinger Commission for Central America.

At the end of the year, the Administration faced multiple problems in this backyard—disengaging and helping to establish viable self-government in Grenada, working toward new elections in El Salvador while seeking to bring right-wing death squads under control, and above all addressing the policy issue of whether it would accept a continued Marxist regime in Nicaragua even under some negotiated structure of restraints on its external behavior. But there could be no doubt that the Administration—and Congress—were fully engaged in these problems.

That was not true for the continent, unfortunately. Preoccupied with at best a stalemate and possibly a rapidly deteriorating situation in Central America, the U.S. government nodded vaguely from time to time in South America's direction, primarily when the financial crisis threatened to boil over. Contadora received only polite lip service. Little else about South America appears to have stirred Washington's emotions in 1983.

Yet, in relation to the potential political dangers to the major nations of South America posed by the economic crisis, a low profile or the absentminded neglect of the continent is surely shortsighted; it is also dangerous. In their mid-term and long-term importance, the countries of South America and Mexico loom far larger than those of Central America and the Caribbean, whether one looks at political, economic and commercial, or financial considerations. The United States has important national interests throughout the hemisphere, not only in the backyard. If we assume that support of democratic regimes is a legitimate goal of U.S. foreign policy in Latin America, there is a grave danger in failing to understand the threat that the current economic crisis, and the foreign debt specifically, pose to the social and political stability of a majority of the states in South America.[1]

There is a risk that these democratic governments will collapse, of course—possibly to be replaced by others prepared to take radical steps such as repudiation of their debts. But an even more basic threat is that the promising trend to greater democracy in the area—an intricate and delicate process of political institutionalization now under way—may be aborted, with the crushing of social expectations that were generated during the 1970s, as South America moved toward middle-class status in the international system. These dangers are, or should be, of the highest importance to U.S. foreign policy in the hemisphere in the 1980s.

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[1] The political implications of the debt crisis are as real elsewhere in the Third World as they are in Latin America, of course. The recent coup d'état in Nigeria clearly demonstrated the fragility of democratic systems in Africa in the present economic situation. As *The New York Times* commented, "the oil glut, high interest rates and recession are squeezing virtually every economy in the third world. That is not an environment in which democracy can flourish, no matter how well laid the plan. If America cares about democracy in the rest of Africa, Asia and Latin America, it will have to lend more than its political structure." (January 4, 1984, p. 20.)

II

The high profile of Latin America in the current debt crisis has been carefully reviewed elsewhere.[2] About one-half of the total Third World debt is owed by Latin American states. Two-thirds of the Latin debt has been loaned by private commercial banks. The banks have lent to Latin America at prevailing commercial interest rates, which have fallen from the all-time highs reached in 1980–1981 but remain very onerous; the average term of the loans is also relatively short. Fees and spreads add to the cost of borrowing. To generate the foreign exchange required to service the interest on the private bank debt alone, Latin America has had to mortgage a higher and higher percentage of its export earnings—35 percent in 1983. In 1982, total debt service, both interest and principal, equalled 66 percent of the region's exports. This is at a time when the world recession has cut the demand for the region's exports; merchandise exports in 1983 were estimated at about $87 billion, compared to $97 billion in 1981. The recession has cut into Latin America's traditional export markets in Western Europe as well as newfound openings within Latin America itself and in the Third World. The 1983 payments on the debt—for interest alone—were about $40 billion.[3]

Private commercial banks have reduced the net flow of capital to Latin America at a time when greater flows are needed. New publicly announced syndicated loans (maturities of one year or over) to Latin America fell off sharply from 1981 to 1983. The banks loaned Latin America $30.2 billion in 1981. That figure dropped to $26.7 billion in 1982 and, at the end of 1983, had fallen to half the 1981 number, or $15.3 billion. The trend is similar for other areas of the Third World.

Trade is a crucial link in the chain of repayment. But the trends both for Latin America and for the United States are disturbing. Given the increasing percentage of exports required to finance interest payments on the debt, little is left for buying goods from the industrial countries. The year-end estimate was that U.S. exports to Latin America fell about 40 percent in 1983 from 1981 levels, and it is worth noting that the decline in U.S. exports to Latin America cost nearly 400,000 domestic jobs in 1982 and 1983. While exports to Latin America accounted for only 17 percent of total U.S. exports in 1981, between 1978 and 1981 they had grown more than 50 percent faster than exports to the rest of the world. Thus, the decline since 1981 represents a particularly sharp reversal of past trends.

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[2] Pedro-Pablo Kuczynski, "Latin American Debt," *Foreign Affairs*, Winter 1982/83, pp. 344–364; and "Latin American Debt: Act Two," *Foreign Affairs*, Fall 1983, pp. 17–38.

[3] In fact, Latin America has become a capital exporter. The amount of money it pays each year for servicing the debt is larger than the amount of new money that flows into the region.

Meanwhile, the Latin Americans find that the North American market is even more important—with recovery still lagging in Europe and with the Third World barely emerging from deep global recession. According to the Department of Commerce, the United States had an $8-billion trade deficit with Latin America in 1983, compared with negative $3.8 billion in 1982. This trend, especially the resulting loss of employment, has spurred protectionist pressures in the United States against Latin products. Such pressures probably strengthen the hand of those who oppose increased support for the International Monetary Fund, which is seen as "bailing out" the Third World; during 1983 it took many months to persuade the Congress to approve, in November, an IMF quota increase that may still fall short of the need. And any undertaking to support the private commercial banks may be viewed in similar terms. The Fund and the banks are key actors in both the short-term and long-term resolution of the crisis. Efforts to limit their role or effectiveness will further complicate the debt morass.

Latin America is caught. World markets are inhospitable to the exports which it needs to earn foreign exchange to meet payments on the debt. The U.S. market, absorptive in the present recovery, is under increasing pressure to limit access. Increased lending is vital to maintain a modicum of economic order, but the amounts remain inadequate and are subject to stringent policy conditions of retrenchment that tend to hit particularly hard at the working classes.

III

There is a wide range of opinion about the implications for the private commercial banks and the international financial system of the current debt crisis. Reasonable men disagree. One school of thought argues that a moratorium by one or more nations is possible, indeed likely, if the general economic picture in 1984 remains as gloomy as it was in 1983. Others argue that the debt is manageable, that the problem is liquidity rather than fundamental solvency, and that the capacity to meet debt payments can be adequate—if an overall recovery in the industrial countries becomes a solid reality in 1984 and beyond. The debate about the financial aspects of the debt burden and the timing and magnitude of recovery will continue. It is an important debate, and it is natural that it should be addressed by the IMF, government economic officials and the banks primarily in terms of figures and economic indicators.

But it may be even more important to understand the social costs for Latin America, and especially South America, of the current economic downturn there—and the probable future social price for the people of the continent. If these social costs should lead to political changes that bring in radical governments unwilling to continue the regressive policies required by the IMF and the banks, then and then only might there be not only moratorium but outright debt repudiation—first in one country and then perhaps in others. And even if such repudiation were avoided, so that debt payments continued on an agreed schedule, financial "victory" could be at the price of eventual political defeat.

The economic impact of the debt burden and the belt-tightening measures that accompany IMF lending can be quickly summarized in aggregate terms. The year-end estimate was that, for Latin America as a whole, gross national product (GNP) declined by 3.8 percent in 1983, adjusted for inflation. Per capita income fell for the third straight year in 1983, to a level eight percent below its peak in 1980. On present prospects, even if growth picks up after 1983, per capita income will not return to the 1980 level before the end of the decade.

On their face, these declines may not seem significantly more serious than those experienced in the post-1980 deep global recession by many countries, including the United States itself. Why, then, is the situation in Latin America more threatening and more politically explosive?

The first answer is that continent-wide figures do not reflect significant differences from one country to another. While the Latin American oil-exporting countries, notably Venezuela and Mexico, have had their own steep decline in the standard of living of their citizens, those standards are considerably higher than elsewhere in the hemisphere. More important, even the present price and market for oil are sufficient to give these countries a significant cushion and means of recovery. Mexico in 1983 exceeded expectations in getting on top of its debt problem and now looks a good bet to dig itself out without major internal political disruption.

On the other hand, the much larger number of countries that have no such oil capacity are almost uniformly in bad shape. All of the states of South America have experienced high rates of inflation, escalating unemployment, diminishing fiscal resources for social support programs, and increasing poverty. But this precipitate decline in social and economic wellbeing has been particularly acute in selected cases, of which Peru and Brazil are the most dramatic examples. And it happens that these are the two countries where there were marked outbreaks of social unrest during 1983.

In Peru, the drop in GNP was about 12 percent in 1983. Less than half of the workforce of six million is fully employed. Real wages are only three-fifths of their 1973 levels and inflation doubled to 130 percent in 1983.

Moreover, Peru experienced a series of natural disasters during the year. El Niño reappeared at Christmas 1982—a warm water current that drives away schools of anchovies who thrive on the cold waters of the Humboldt current—and has decimated the world's fourth largest fishing industry. Fish processing, once Peru's major economic activity, fell by two thirds in the first half of 1983, compared with 1982. The climatic changes that accompanied El Niño caused severe floods in the north of Peru and drought in the south.

For Brazil, 1983 was the third year of recession. More than a quarter of the work force of 49 million was out of work, or underemployed; employment levels in São Paulo, the industrial heartland of Brazil and of Latin America, have fallen back to where they were in the early 1970s; over the year food prices rose by 227 percent, with the cost of some staples, such as beans and potatoes, multiplying four-fold.

In short, averages do not by any means tell the whole story. The situation is far graver in several key countries.

Second, the process through which Latin America is passing is particularly hard on working classes and the poor. The need to drastically cut imports has led to a dramatic decrease in production and therefore in job creation. The economic crisis has occurred at the same time that the children born in the 1960s, when birth rates were far higher than now, are entering the job market. The sudden "bulge" in the labor force further aggravates the situation of the working poor. Devaluations have spurred inflation and increased the real cost of living for all, but especially for the poor, who are a majority in each of the countries of the continent. In these circumstances, social assistance programs or public work projects to create employment opportunities are financially unfeasible.

In their rush to expand in the 1970s, what were apparently the most successful Latin American countries neglected their safety nets—in Brazil, for example, there is no social security system, nor is there unemployment insurance or a widespread network of social support institutions. In other countries with more comprehensive systems, coverage often extends only to industrial workers. There is little social support for those employed in agriculture, where significant percentages of the economically active population remain: more than 35 percent in Brazil, Colombia, Ecuador, Peru, Bolivia and Paraguay. Only Argentina and Uruguay have less than 20 percent employed in the countryside.

It is possible to overdramatize the social situation in South America. It is also true that poverty and social marginality have been facts of life for decades in the region. But a third factor making the current economic crisis ominous in social and political terms is that it has come so drastically and suddenly, after years of relatively good economic growth in the 1960s and 1970s. During those years many of the key South American countries and Mexico—most notably Brazil—made great economic strides, so that they came to be classified as newly industrialized countries; growth was uneven, and by no means equally distributed throughout the society, but there was a palpable sense of momentum and forward movement. As de Tocqueville pointed out long ago in connection with the French Revolution, and as contemporary history has demonstrated time and again, political danger may be greatest not when an economy remains stagnant, but when it has turned upward and then become disappointing.

These are the factors that lay behind the riots and looting that came abruptly to the world's attention in São Paulo in April, and in Rio de Janeiro during the autumn. Soup kitchens in Lima and Santiago are common occurrences today, as they are in other major cities of the continent. The dramatic victory in the race for the mayoralty of Lima, Peru, in November 1983 indicated the relationship of hunger and deprivation to politics—for the first time, a Marxist candidate won the position. He had promised to provide free milk for children. To the poorer segments of Lima society, his ideology appeared less important than his social message.

The issue is not that one Marxist candidate, of a relatively mild stripe, won an open and competitive election in Lima. It is the generalized stress under which the political systems of South America now labor. And this brings us to the fourth factor, namely that the crisis comes at a time when most Latin American nations have become progressively disillusioned with the performance of authoritarian and military regimes and are in the process of inaugurating or moving toward democratic systems. The very process of democratization runs the risk of being short-circuited if social and economic expectations cannot be met by democratically chosen governments. The slow and tortured consolidation of open and competitive politics, not necessarily a replica of the U.S. system, but representative of the realities and the desires of Latin Americans, may be in jeopardy.

It is this interaction between economic crisis (enormously accentuated by the debt problem) and a political crossroads that is at the core of the situation in South America today. We shall return to a country-by-country examination of the interaction in Sections V and VI—putting Peru and Brazil alongside others in this wider context. For 1983 was a year of paradox—on the one hand, a year of unprecedented economic strains, and on the other hand a time when the possibility of a return to democracy on the continent gained strong momentum.

But first let us take a short look at the historical background against which this important political trend has emerged. This background is also relevant to our discussion because it highlights the dangers for the United States in facilely accepting, in the future, the argument that "weak" democratic regimes are susceptible to subversion and that "strong" military governments will be both efficient and ideologically more amenable to "Western" values.

IV

After a decade or two of populist politics in South America in the 1950s and 1960s, badly managed development (in the face of enormous inherent difficulties, it must be said) led to societal polarization and eventual political breakdown. A wave of military regimes replaced democratic governments—Brazil in 1964, Argentina in 1966 and 1976, Peru in 1968, Ecuador in 1972, Chile and Uruguay in 1973. All of the new regimes, with the exception of Ecuador and Peru, were right-wing authoritarian; those in Ecuador and Peru were military populist experiments. In general, these new regimes rested their right to rule on their efficiency, their capacity to induce economic growth, and their newfound ability to govern without the political stalemate and social class tensions that populist democratic regimes allegedly generated.

From the perspective of many in the United States and the industrial North, those promises appeared to bear fruit. The Brazilian "miracle" of the 1970s led to spectacular rates of growth. The post-1973 Chilean "Chicago School" of economists and bankers modernized the economy and opened it to the winds of world competition. Argentina's classical solutions to traditional problems made economic ministers like José Martinez de Hoz heroes among international bankers and corporate leaders.

The armed forces, in some cases, also justified their overthrow of the democratically elected governments on the grounds that the latter were either willing to tolerate, or unable to control, subversive forces. Radical leftist (and anti-democratic) elements were indeed present in Brazil in 1964, in Chile in 1973, and in Argentina in 1976. In each of those countries, and in others, the military undertook a vigorous campaign to suppress and eliminate such activities. But extra-legal action, such as the cancellation of political rights or exile, soon slid into ominous witchhunts against all who allegedly supported the old government or were in some way thought undesirable by the new one. In Chile, a Santiago soccer stadium and Dawson Island became symbols of how far the armed forces would go to protect that country from the threat of Marxism. The olive-green Ford Falcon sedans that were used to abduct those allegedly guilty of subversion, and the Naval Mechanics School, the location of some of the most savage torture, testified to the efficiency and commitment of the security forces in defending their perverse view of "social peace." By the end of the decade, as human rights violations continued, public protest grew stronger.

After a few years of economic sleight-of-hand, and following the first oil price shock of 1973–74, the economic invincibility of the technocrats in South American societies became questionable. Bloated state bureaucracies borrowed and spent large amounts of money, often without clear guidelines or central government control. Pharoanic projects became the norm in some countries. In many, corruption became endemic. Capital flight and speculation were acceptable business activities. By the late 1970s it was clear that the military regimes had no magic wand with which to modernize their economies. It was also clear that their disdain for political participation and social needs, even in Peru where the military regime claimed to have created a humane revolution, had become intolerable to the average citizen.

The United States also discovered, often to its surprise, that authoritarian regimes had contrary views on international issues. Argentina and Brazil refused to sign the Non-Proliferation Treaty. When President Carter asked them to join the United States in organizing the grain embargo against the Soviets to protest the invasion of Afghanistan, they declined. As regimes diversified their economic and political relations, they turned to other arms suppliers: Soviet weapons suddenly appeared in Peru, for example. Increasingly, military regimes espoused the language of the Third World and entered into the fray of the North-South dialogue—on the side of the South.

Moreover, apart from the tensions created by their human rights violations, the recent authoritarian regimes in Latin America have shown a strong tendency to reopen old scores, initiate or risk armed conflict, and meddle in the internal affairs of other sovereign states in the hemisphere. In earlier periods, the United States had been able to exercise some influence in preventing such activities, and particularly outbreaks of hostilities. But the United States had lost the leverage that went with its earlier role as the sole source of military equipment, first under grant aid and then by sales. Sources of arms are now varied and diverse; indeed, Brazil had become an important Third World arms producer, in part to be independent of the United States and the industrial arms suppliers. Other instruments of policy normally available for purposes of influence and persuasion, such as foreign aid, had diminished or disappeared.

Thus, for the first time in decades, war talk was cheap talk in South America in the 1970s and early 1980s, and the settling of old scores became fashionable, as newly armed military regimes rediscovered old border disputes and territorial claims. Chile and Argentina came perilously close to war over possession of the Beagle Channel islands in 1978. Two military regimes, identifying their prestige with a long-festering claim to sovereignty, spent hundreds of millions of dollars in preparation for a war that neither country could afford and neither people really wanted. In Peru, even after President Fernando Belaunde Terry returned to power in democratic elections in 1980, an autonomous military establishment skirmished with Ecuador in 1981.

And the most devastating example, of course, was the 1982 war in the South Atlantic, initiated by the military regime in Argentina through the forceful seizure from Britain of the Falklands, or Malvinas, Islands.

In none of these conflicts was there parliamentary or political party consultation. Public opinion was shamelessly manipulated. Arms purchases were given highest priority, without regard for the social and economic needs of the domestic population. And the United States appeared powerless to prevent the outbreak of hostilities. Indeed, in the case of the South Atlantic conflict, U.S. mediation was interpreted as duplicitous by many countries in Latin

America and momentarily exacerbated diplomatic ties between Washington and the major capitals of the continent.

In short, the record in South America over this period—and indeed in past history—shows that authoritarian regimes have a strong tendency to military aggressiveness and to the forceful assertion of territorial claims. The theme will not go away. The claims are many and diverse.[4] For military regimes war is an obvious and simple response to a simple problem. The difficulty is that people die and causes are lost, as the South Atlantic war clearly demonstrated.

V

It is also true that authoritarian regimes in advanced states of decay can badly misjudge aroused public opinion, especially after a military defeat. The origins of the successful return to democracy in *Argentina*, capped by the election on October 30, 1983 of Raul Alfonsín as constitutional president, lay in a massive public repudiation of the military government following the revelation, first by events and then by progressive disclosures, of its mendacity and fecklessness in conducting the war. The defeat in the Falklands/Malvinas was the straw that broke the Argentine military's back. The conflict had been preceded by widespread economic chaos and increasing public repudiation of "el proceso"—the dirty war that resulted in the disappearance of thousands of Argentine citizens allegedly implicated in subversive action against the state. If the mothers of the Plaza de Mayo, who marched each day in front of the presidential palace demanding information on their missing children, symbolized the personal agony of a nation, the outcome in the Falklands/Malvinas symbolized the incompetence of the armed forces and shattered any remaining claim they had to govern Argentina.

Argentina responded late in 1982 by suddenly joining the countries of the continent moving toward democracy. The promise of free elections, so often confounded in the past, this time became reality. By 1983, the age-old division between the Radical Party and the Peronists, organized in the Justicialista Party, was again the key element in electoral politics. Alfonsín, for many years the leader of a minority faction in the former, captured the nomination by offering an image of competence and energy. After a period of suspense over whether Mrs. Isabel Perón would return from exile in Spain to either lead the Peronists or become their candidate, they selected Italo Luder.

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[4] The Chilean-Argentine dispute over the islands in the Beagle Channel is not irrelevant in broader geopolitical terms. The thirty-year freeze on new territorial claims in Antarctica is beginning to wind down and both countries have substantial interest in pursuing competing claims on the Antarctic continent. Possession of the channel islands will determine the outcome of those claims. In early 1984, it was reported that both countries have accepted the 1980 proposals of Pope John Paul II to resolve the dispute which award the islands to Chile.

In the country's first campaign season since Perón himself ran and won in 1973, I encountered many who said that while they themselves preferred Alfonsín, Luder would win. However, playing on the need for a change, Alfonsín artfully identified the conservative Peronist labor elite with the military. Images of the violent side of Peronism emerged in the campaign meetings. In a historic shift in direction, the Argentinians gave Alfonsín an extraordinary majority of 52 percent of the popular vote.

Alfonsín's election victory has meaning far beyond Argentina. With close ties to the social democratic parties of Latin America and Western Europe, the Radical Party's victory is viewed as an opportunity to offer a dramatic alternative to the military regimes that remain in power in the Southern Cone. Moreover, it represents a moment in which civil-military relations in Argentina, and by extension in other states, can be redefined to help preclude future coups d'état. Finally, with his popular mandate, there is widespread hope in and out of Argentina that the president will be able to heal the nation and restore the vitality of the state.

The agenda he faces is overwhelming, but not impossible. The military are demoralized and publicly rejected. The Peronists are divided. Alfonsín has widespread support throughout Argentine civil society, even among those who voted for other candidates. What he needs is political space to deal simultaneously with multiple problems. The foreign debt is one of the most immediate.

About $10 billion of the total $40 billion debt comes due in 1984. The Alfonsín government has asked for a six-month grace period and then renegotiation of the debt. The attitude of the private commercial banks, the Central Banks, the IMF, and the U.S. government will be critical in determining whether the space is made available. While the social cost in Argentina has not been as great as in other countries in South America, a 1983 inflation rate of 433.7 percent, the highest in the world, daily price changes, rising unemployment, and widespread uncertainty have created a tense situation. It is simply not realistic to expect Alfonsín and the Radicals in 1984 to successfully restructure the armed forces, to reorganize the unions, and to deal with the punishment of those guilty of the dirty war and the death of at least 6,000 "disappeared" Argentinians—while at the same time imposing further economic hardship on the Argentine nation.

From the point of view of U.S. foreign policy, the first priority should be the consolidation of the democratic process in Argentina. Internal social and institutional questions are of highest priority and must be dealt with successfully to demonstrate that the government is effective. Building legitimacy—over time—can be turned into valuable currency to nurture the democratic system.

Washington must frankly face up to the likelihood that this overriding priority may for the time being mean that a number of issues now dividing Argentina and the United States will have to be put to one side or treated in low key. Argentina's nuclear program, the most advanced in Latin America, appears to be at the point where a nuclear weapon could theoretically be made; this is rightly a cause for growing concern—and not only in Washington—but it cannot be undone, and it is unlikely that Alfonsín will soon change his country's negative posture toward the Non-Proliferation Treaty. The real question is whether Argentina will develop a serious nuclear capability. The Alfonsín government has assigned a low priority to nuclear research and that decision, to hold, requires the continuation of civilian democratic rule.

Likewise, Argentina's strong commercial ties and increasing technological links with the Soviet Union have been an irritant in U.S. foreign policy circles. The new regime may be disposed to dilute these ties but it cannot move rapidly, and again the long-term picture depends on economic recovery and political stability. And the same is true of Argentina's Third World orientation in foreign policy; for the time being this is a "given"—the long-term question is whether it will be pushed in an adversary and abrasive manner.

In short, if an escalation of misunderstanding is to be avoided, the one issue on which there is the possibility of immediate and salutary action is the debt. It behooves policymakers to understand the debt as political and as an opportunity to contribute to the consolidation of democracy in Argentina. Such a determination would strengthen the U.S. position with our social democratic allies in Western Europe, including parties now in opposition.[5] Above all, it would be seen throughout Latin America as a signal that the

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[5] The impressive array of West European and Latin American social democratic leaders that attended the Alfonsín inauguration in December 1983 indicated the extraordinary level of interest in the success of the new democratic government in Argentina. As a leading member of the Alfonsín team said to me in late November in Buenos Aires, "Argentina identifies with the West, but we do not necessarily equate the West with the U.S. alone."

Clearly the Reagan Administration needs to understand the great significance for social democracy, worldwide, of the Alfonsín victory. If that implies a further deepening of Argentina's ties within Latin America, and with Western Europe, it should be welcomed by the United States as another source of suppport for democracy in the southern cone.

United States is able to redefine its foreign policy to meet new and highly relevant circumstances in the hemisphere.[6]

A similar attitude may be needed in the near future in the case of *Brazil*, whose economic situation was outlined earlier. That country's more than $90-billion foreign debt has become increasingly burdensome in both financial and political terms.

Following the remarkably successful national elections of November 1982, 1983 was to be the year of democratic consolidation in Brazil. A new congress, new state governors (the latter directly elected for the first time since 1965) and new municipal officials indicated the vitality of Brazil's political system, now unfettered and looking to indirect presidential elections in 1985 with a real possibility of a civilian candidate at that time.

Simultaneously, 1983 was to be a year of implementing a four-phase program that represented the best thinking of the Brazilian government, the private commercial banks, and the Fund. Apparently successful negotiations surrounding the foreign debt were concluded in December 1982 and agreement reached with the IMF.

Things did not work out so neatly. The December 1982 package contained a number of tough social and economic measures, including the deindexing of wages from inflation, a drastic reduction in inflation, a decrease in government spending in all areas, and the elimination of agricultural subsidies for farmers. Very shortly it became clear that the Brazilian government was having difficulty in meeting the targets established in December. The continuing decline in economic activity and rising unemployment caused an explosion in São Paulo in April 1983 with days of rioting and looting. The call for a debt moratorium grew among the opposition parties and eventually spread to members of the government party.

The commercial banks and the Fund announced in May that further payments were suspended until the government complied with the agreements. June and July were months of labor agitation, strikes, and demonstrations against both the austerity package, which focused primarily on wage cuts, and against the private banks and the IMF. Supermarket invasions and looting erupted in Rio de Janeiro in the autumn.

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[6] In the case of Argentina, the legacy of past U.S. policy is clearly an impediment. Many Argentinians, including members of the Alfonsín government, believe the Reagan Administration "tilted" toward the military authorities between 1981 and 1983. The United States appeared overly anxious to establish cordial relations with General Leopoldo Galtieri particularly. His government's actions in Central America, in support of the Reagan Administration's policy, were viewed by many as an important factor in Argentina's decision to risk war with England over the Falkland Islands. Galtieri believed that because of this tie the United States would not side with Britain against Argentina. After Galtieri's overthrow, the United States pressed the issue of certifying Argentina for a renewal of military aid and arms sales, even though Alfonsín made clear it was a very low priority for his government. Finally, Alfonsín's strong defense of human rights compares unfavorably with the Reagan Administration's "low profile" on human rights.

Meanwhile, the government attempted to ramrod a series of decrees through congress to meet the guidelines of the austerity package. Only after a painful period of months, in which the congress voted down a number of wage bills, did the executive branch open negotiations with the legislature. A compromise was reached that pleased no one, but it did comply with a new letter of intent negotiated between Brazil and the IMF in late August, which the private banks accepted.

The tension generated by the crisis surrounding the debt renegotiation intertwined with a deteriorating political situation in 1983. President João Figueiredo developed health problems and had to take a leave of absence in July. Confidence in the country's economic team dropped precipitately as new decisions were abruptly announced and as the austerity measures took their full toll on industry, the middle class, and the poor. The presidential succession became increasingly complicated in late 1983 as the opposition pressed for direct elections in 1985 and the government appeared uncertain of its course of action. Indeed, the music had stopped in Brazil. Gone were hopes of rapid economic modernization and social mobility for millions. The toll on the renewed democratic institutions was not quantifiable, but the fear that extremist political groups would attempt a comeback lurked beneath the surface of conversation in Brazil.

There are few who believe that a threat from the left is imminent. The most likely danger, if one emerges, will be from the right. Unlike the past, a rightist challenge may well be nationalist and populist in tone and in policy, disposed to either nationalize or severely restrict the role of the private banks and direct foreign investment. "If 1984 is as traumatic as 1983," one high-ranking government official in Brasília commented to me in late fall, "all bets are off." The severe economic crisis of 1983 made a dramatic turn of events, barely conceivable a year before, at least plausible to some observers. Others are even more pessimistic. They believe that a breakdown in the present political structure will lead to disintegration of the political system and the emergence of a highly unstable stop-go series of temporary governments, none of whom will be able to restore order or establish coherent policies.

Many Brazilians ask: Is it worth the domestic political risks to go on trying to work with the IMF and the banks? It may of course be possible to formally negotiate a new debt package if the existing one doesn't work. New goals are easily established, but they will be increasingly hard to meet when unemployment is rising rapidly; rioting, looting and bank robberies are escalating; industrial output has dropped precipitously; the shrinkage of the industrial park is a cause of real concern to the business community; and tens of thousands of Brazilians are demanding political action to relieve social and economic distress that is affecting millions of citizens. No one wants or predicts a collapse. But the potential is high.

It is in the U.S. interest to do all in its power to prevent a further deterioration of the social situation in Brazil and thereby provide a strong show of support for the fledgling democratic system. There are many who see a scenario in which Brazil will need to open negotiations again early in 1984. Letters of intent between the government and the Fund will be rewritten. New money will be pledged. But the revised guidelines will not be met because of the social cost and rising political opposition. And another breakdown will result.

It is that kind of scenario that calls for a definition of the debt as political and for quick and salutary efforts to reorganize the debt, public and private, on very different terms than those now employed. We shall return in Section VII to how this might be done, recognizing that Brazil is the toughest case and—perhaps even more than Argentina—the bellwether one.

VI

Debt and politics in 1983 were deeply interwoven elsewhere in South America. One of the most vigorous of the continent's democracies, *Venezuela*, had already undergone four years of stress. During the tenure of outgoing president Luís Herrera Campíns, the foreign debt doubled to $34 billion. Overspending and falling oil income led to a precipitate decline in economic activity. Although notoriously unreliable in Latin America, existing data indicated that unemployment was nearing the 20-percent mark.

The December 1983 national elections gave Democratic Action Party candidate Jaime Lusinchi a resounding victory at the polls and a mandate for a new economic policy.[7] The first priority is the renegotiation of the foreign debt. Whatever the outcome, Venezuelans confront years of austerity. Having grown accustomed to a comfortable middle class life-style, (the per capita income is $4,700 a year), many will find that the future will little resemble the past. It is at that point that serious strains may appear.

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[7] The Democratic Action Party is closely allied with the social democratic movement in Latin America and Western Europe. The election in 1983 of governments in Argentina and Venezuela with social democratic affinities may prove to be useful in South American efforts to devise complementary strategies for dealing with global issues.

Again, it is in the interest of the United States to do whatever is feasible to provide Lusinchi and his colleagues, who take office in February 1984, as much political space as is possible in the debt renegotiations. Everyone admits that there was bureaucratic inertia and incompetence in the outgoing government, as well as mindless spending and apparent disregard for economic reality. But holding the new government to account for the mistakes of the old will not serve any purpose and might contribute to a weakening of viable political institutions in a key South American nation-state.

In *Peru*, the democratic political system, restored in 1980 with the election of Fernando Belaunde Terry as president, was buffeted by economic and social adversity in 1983—with highlights noted earlier. It is estimated that servicing the foreign debt in 1983 will absorb 47 percent of export earnings. The government has drastically reduced imports, starving industry of essential supplies. Government spending has been cut, taxes will be raised, and the currency devalued. Inflation is running at an annual rate of 130 percent. A key element in Peru's current difficulty is that military expenditures absorb about one-quarter of Peru's annual budget, with the government contending this is essential for the struggle against the Sendero Luminoso (Shining Path) guerrilla movement.

The Belaunde government is trapped by rising social and political discontent, illustrated by the resounding defeat that Lima residents gave to the president's party in November 1983 in electing a Marxist mayor of the capital city. The guerrilla threat, which has moved from the mountains into the cities, has led the government to declare a state of emergency for long periods of time. Black-outs and bombings are frequent, as are labor strikes and protests.

Peru, like others, needs time to initiate a modest economic recovery. The renegotiation of the debt is a prime element in any overall strategy, given current world economic realities. The next presidential elections are scheduled for 1985. There is increasing skepticism in Peru that the elections will take place as scheduled if the government is unable to demonstrate a higher level of political competence and response to popular pressures. The Belaunde government is under siege as much from without as from within. The Peruvian debt is small, only $12 billion, but it looms large in any overall strategy of satisfying both security demands (mostly legitimate, though some of the saber-rattling variety toward Ecuador) and the social needs of the hard-pressed people of Peru.

In both *Chile* and *Uruguay*, the political motif is different. There rigid authoritarian regimes are under mounting pressure to restore democracy. In both countries economic adversity has played an important part in robbing the military of their claim to be efficient modern administrators. But the principal pressure appears to stem from a growing revulsion against repression, torture, and human rights violations. 1983 was an important year for the democratic cause in both countries.

Increasing protest in Uruguay clearly communicated to the armed forces their growing unpopularity. Opposition party leaders were invited to Buenos Aires for the Alfonsín inauguration to emphasize the new Argentine government's interest in change in Uruguay. Public demonstrations continued in Montevideo with thousands of citizens defying the government to march under the slogan of "freedom, work and democracy." The generals have now promised elections in November 1984 and a return to democracy in 1985. The question is whether these elections will be genuinely free—and what parties will contest them.

Chile is more turbulent, with no change yet envisioned. The regime of General Augusto Pinochet confronted in 1983 the most sustained opposition since it came to power a decade ago following the overthrow of Salvador Allende. Buffeted by bank and business failures, rising unemployment, high levels of inflation, and an unmanageable foreign debt, the Chilean middle class appeared ready to support a restoration of democracy. In a series of violent protests that began in May 1983, dozens of people were killed and thousands arrested. The demonstrations were motivated both by economic deprivation and political discontent. In an effort to defuse the tense situation, Pinochet allowed several thousand political exiles to return and lifted a state of emergency, in effect since 1978. A series of cabinet changes gave Pinochet an opportunity to appoint Sergio Onofre Jarpa as Interior Minister. Jarpa set out to construct a package of reforms that would grant greater political freedom in Chile, without opening the issue of whether Pinochet would continue in power until the scheduled end of his term in 1989.

The opposition, organized in a Democratic Alliance composed of the Christian Democrats, an important part of the socialists and the Christian Left, and smaller parties of the center, attempted to negotiate with the government, but talks collapsed in late September and were not renewed. Opposition forces were themselves divided on strategy. There remained great concern among average Chileans about a return to the disorder of the pre-1973 years, in which the Communist and Socialist Parties were key actors. 1984 will be an important year in determining the relative strength of the various opposition groups and the tolerance of the Pinochet regime for continued public protest.

At the Alfonsín inauguration in Buenos Aires in November, Vice President George Bush said: "We would like to see a greater adherence to democratic principles in Chile. If there were, you would see vastly improved relations between the United States and Chile." It was a welcome statement of U.S. policy for supporters of democracy in South America who had seen the Reagan Administration evolve from its early acquiescent and friendly posture toward authoritarian military regimes to the general backing for democracy expressed by President Reagan in his short Latin American trip of late 1982—but who had noted the Administration's failure to apply its position to specific countries, particularly Chile.

The United States in 1984 will have ample opportunity to endorse the process of restoring democracy in both Uruguay and Chile, and of strengthening democratic forces in small countries such as *Paraguay* and *Bolivia*. The former remains the longest standing dictatorship on the continent. While no one expects General Alfredo Stroessner to liberalize his regime in the short term, the movement to democracy in Argentina and elsewhere in the Southern Cone will stimulate opposition to him. Diplomatically, the United States should support those efforts. In Bolivia, where the embattled democratic government of President Hernan Siles Zuazo faces threats from both political opponents and from the armed forces, strong support will be needed to avert a military coup d'état. Economic assistance may also be a key issue for Bolivia's government, as it confronts depressed world markets for its principal mining exports and as it wrestles with the debt incurred under previous military regimes.

In two other countries on the continent, *Colombia* and *Ecuador*, democratic institutions have demonstrated resiliency in dealing with social and economic pressures. Belisario Betancur, the Conservative Party leader elected Colombian president in 1982, has demonstrated a capacity for strong leadership and artful dealings with his opposition. Colombia has withstood the devastating impact of the world crisis better than many of its neighbors; Betancur deserves high marks for continuing the democratic tradition and using it in a responsive and responsible manner.

President Osvaldo Hurtado of Ecuador, elected vice president in 1979, succeeded to the presidency in 1981 with the sudden death of President Jaime Roldós. In conformity with an IMF austerity program, Hurtado took a series of highly unpopular economic measures in 1983 that have produced strong protest. But the democratic institutions of Ecuador withstood the pressures, and prospects are good that the presidential elections scheduled for 1984 will take place and further consolidate that country's commitment to democratic politics. Both countries demonstrate that democratic institutions do function and that they are able to cope with stress, but that reality should not be taken for granted.

VII

In the final analysis, the ability of the United States to come to grips with the big problems in South America is a question of foreign policy management. Our affairs in the hemisphere, at this moment, are dominated by the immediacy of the crisis in Central America. The United States appears unable to manage both the day-to-day activities of defining and protecting our vital interests in Central America and the Caribbean and the elaboration of a strategy, with important variations for individual countries, for the continent of South America.

The United States cannot play either the role of policeman or that of savior in South America. The circumstances call for a much more nuanced management strategy. One major element must be a high diplomatic and political profile that clearly identifies the United States with the return to democracy. No occasion should be lost to reiterate, in specific terms and with reference to specific countries, the posture exemplified by Vice President Bush's statement in Buenos Aires concerning Chile.

But the biggest challenge to U.S. policy at the beginning of 1984 is to devise mechanisms to limit the social and economic damage caused by current world economic conditions; in most countries the key problem is external debt. Democratic political institutions in South America are neither strong nor experienced, in most instances, and the continent is undergoing a rapid process of returning to democracy after years of military government. What is needed is time for new governments to consolidate decision-making procedures and programs that will build confidence in democratic politics and reduce the possibility that the armed forces or extreme elements of either the left or the right will bid for power.

It should be clearly understood that support for democracy is not a ruse to allow directly elected governments to walk away from their countries' outstanding financial obligations. Responsible governments in South America need to recognize previously incurred debt as a binding obligation. Just as the private banks should not be "blamed" for the current crisis, the countries of South America should clearly reject the evolving mentality that argues for a unilateral default on the debt or selective responsibility for only part of the debt. And it is precisely to avoid those possibilities that effective political leadership by the United States is required now.

This necessitates a willingness by the Reagan Administration to look beyond the narrow financial aspects of the current economic crisis and take the lead in defining the foreign debt of South America as a foreign policy priority of potential political volatility. Only U.S. government action will bring together the key players to devise short-term and medium-term strategies for defusing the debt issue. Those players include the IMF, the debtor countries, the Federal Reserve System, and the private commercial banks of the United States, Western Europe and Japan.

Increasing concern has been shown by some of these players. It is reported that the Federal Reserve Board supports improved terms for bank lending to countries such as Mexico that have been able to implement austerity programs with success, although at high social cost. The Managing Director of the IMF, in December 1983, stated that credits by the private banks "should be provided on reasonable terms in order not to compound unduly the balance of payments and indebtedness problems of debtor countries." Mr. de Larosière also stated that large and small commercial bank creditors will have to participate in future restructuring efforts; that large countries must not preempt the flow of funds to smaller nations; and that the composition of capital flows must change in order to foster a more viable debt structure. He urged that private bank lending be supplemented by "more basic development oriented financing" such as foreign direct investment and expanded official flows, with new official aid for the poorer countries taking the form of larger concessional assistance.

In the November 1983 legislation approving the new U.S. contribution to the IMF, the U.S. Congress also stated its concern. "Sustaining economic growth" was named ad a high priority by the Congress, and the President and others were instructed to encourage countries to formulate economic adjustment programs which:

> . . .should be designed to safeguard, to the maximum extent feasible, international economic growth, world trade, employment, and the long term solvency of the banks, and to minimize the likelihood of civil disturbances in countries needing economic adjustment programs.

The legislation directed the U.S. executive director of the IMF to recommend and work for changes in Fund policy to "convert short-term bank debt which was made at high interest rates into long-term debt at lower rates of interest" and to "assure that the annual external debt service, which shall include principal, interest, points, fees and other changes required of the country involved, is a manageable and prudent percentage of the projected annual export earnings of such country." In other language, designed to preclude "bailouts" of the banks, the U.S. executive director should "work to insure that the Fund encourage borrowing countries and banking institutions to negotiate, where appropriate, a rescheduling of debt which is consistent with safe and sound banking practices and the country's ability to pay."

Slowly, and reluctantly, the private commercial banks have begun to modify their lending policies. In negotiating a $3.8-billion loan in late 1983, the banks recognized the Mexican government's extraordinary success in imposing an austerity program in the past 18 months. The new loan was for ten years, with repayment scheduled to begin in 1989, compared with more stringent terms earlier in 1983. The banks also stipulated lowered interest rates and fees. Some bankers privately, and editorial opinion publicly, regretted that the loan agreement did not provide even easier terms in recognition of Mexico's performance and as an incentive for other debtor countries attempting to cope with austerity measures. But at least the banks have recognized Mexico's efforts and may be persuaded to negotiate similar or easier agreements with Venezuela and Argentina in 1984 to avoid no-win confrontations with the Alfonsín and Lusinchi governments. Brazil, whose latest $6.5-billion loan ran into bank reluctance until the very last moment, may require even greater private bank understanding if any semblance of an orderly repayment schedule is to be maintained.

All of these actions are welcome, but they are relatively isolated. What is required is a U.S.-led initiative to devise an orderly procedure for evaluating the structure of each country's debt, its ability to repay, and its future borrowing needs. Only leadership by the U.S. government will succeeed in devising and implementing such a mission. The Federal Reserve System is not charged with the formulation of U.S. foreign policy. There are limitations on what the IMF alone can do without raising criticism once again that its actions are little more than an effort to save the private commercial banks and their profits. It is essential that the banks not be made the scapegoat in the debt crisis. Their role in the future is too important to allow ourselves the luxury of seeking victims.

The one player not yet heard from is the U.S. government. Compared to the positive initiatives of 1982—bridging loans, special packages, etc.—1983 saw a return to an attitude of business-as-usual. More ominous were signs that, at the top level of the Reagan Administration, the growing expressions of concern by the IMF, the Federal Reserve, and the U.S. Congress were either misunderstood or, in its preoccupation with the escalating power game in Central America and the Caribbean, ignored.

For example, the Administration announced in December 1983 that the U.S. contribution to the World Bank's International Development Association (IDA), a vehicle for loans to very poor countries, will be $750 million a year over the next three years. The United States had been urged by the Bank and by the members of the Organization for Economic Cooperation and Development to commit a billion dollars a year. And at the end of 1983, the OECD issued a report which indicated that the United States, in 1981 and 1982, allocated proportionately less of its wealth to poor countries than almost any major non-communist state. The report indicated that in a seven-year period beginning in 1976, U.S. assistance as a percentage of GNP declined by a greater factor than in any Western industrial society. While little of this aid is earmarked for South America, the policy does form part of the Administration's attitude toward the developing world.

If the U.S. record on official aid for the poor countries has been stingy, its attitude in 1983 on trade issues appeared to harden and to become more protectionist. The United States, for example, also took the lead in pressing for an agreement among industrialized countries to eliminate subsidies for steel mills built in the Third World. Given world overcapacity, the United States and its industrial allies are moving to bar steel from developing countries to protect domestic producers. In both steel and other products, such as footwear, leather goods and cement, South American countries could find themselves frozen out of U.S. markets at a time when they must export to service their debt and to pay for crucial imports from the United States and the industrial countries.

The Reagan Administration also failed to act on the U.S. budget deficits which are a major cause of the high rates of interest charged by the commercial banks for loans to South America. As South America's need to borrow continues, high interest rates further compound the debt burden and make prompt or manageable repayment more problematical.

In 1983, the United States was thus found wanting in a range of policy areas that would lessen the social cost and possibly avoid political repercussions in South America. What should the U.S. government do?

A strong U.S. position in defense of free trade and against protectionist pressures is critical to South America's recovery. Many believe that an increase in world trade is the only way in which the debt crisis will be stabilized. The United States will need to take the political heat, always difficult in an election year, of carrying the flag for an expansion of world trade. One imaginative proposal calls for the creation of an "Export Development Fund." The new entity, closely allied to the World Bank, "would mobilize support from the export sectors of the industrial countries through joint financing by the national export credit organizations, private commercial banks, and the World Bank."[8]

The Reagan Administration should seriously consider a joint effort by the United States and its West European and Japanese allies to actively encourage exports from South America as the best means of earning the foreign exchange required to meet interest payments on the debt. Such trade, as we have seen, would also generate jobs in the industrial countries, as South America used new foreign exchange earnings to buy their products.

A second U.S. initiative with great merit would emphasize greater lending facilities for the World Bank, the Inter-American Development Bank, and other multilateral agencies, in which the South American states generally have a high degree of confidence. It has been suggested that the leverage of the World Bank be increased, for example. Currently, the Bank borrows and lends an amount roughly equal to its paid-in and callable capital. Various proposals have called for increased facilities for the Bank. U.S. public support for exploring variations on this theme would be welcome and indicate U.S. confidence in an expanded role for the multilateral organizations.

A third area in which the United States should take the lead is in strongly and publicly encouraging the private commercial banks, in the United States and abroad, to reduce the terms of their loans to South America as the governments of the region demonstrate a willingness and ability to take appropriate internal decisions with regard to exchange rate policy, public spending, and other adjustment-related programs. U.S. government action in this regard would support the efforts of the Federal Reserve and others who argue for greater flexibility in lending terms. The Reagan Administration could make a very useful contribution to the present efforts to restructure existing debt obligations by indicating its concern that the smaller banks, in the United States and abroad, remain

[8] William H. Bolin and Jorge Del Canto, "LDC Debt: Beyond Crisis Management," *Foreign Affairs*, Summer 1983, p. 1099.

firmly committed to a renewal of credit for South America and available for new loans, as appropriate, in the future.[9]

Finally, the United States needs to continue providing federal government support through emergency credits and financing as needed. Humanitarian and emergency assistance, in the form of food and medicine primarily, should be given serious consideration for countries like Bolivia, Brazil and Peru.

None of these suggestions is earth-shaking; all have been made before. What is lacking is coordination at the highest political level and a capacity to anticipate new pressures and needs rather than waiting to respond after the fact.

The Reagan Administration has a historic opportunity to seize the debt issue, to define it as political and of immediate concern to U.S. interests in the hemisphere. No one predicts that such an initiative will be either easy or fully successful. But it must be done. Prudent management of the nation's foreign affairs requires prior action, *before* the next and probably inevitable wave of public protest and demonstration, and while responsible governments remain in power. Once a particular political situation starts to go to pieces, the possibilities of action can only become less, and there will be a progressive danger of new and radical regimes, with drastic implications for the ultimate repayment of debt, the spread of democracy, and the security situation in the hemisphere—not to mention sharp and growing anti-U.S. sentiment.

In the last analysis, the consequences of failure to handle the debt issue will be not merely economic, or even confined to the domestic politics of individual Latin American countries and of the continent as a whole: behind both of these lies a crucial security dimension. It would hardly serve U.S. interests to save Central America from a communist threat while allowing major South American countries to become radical, alienated from the United States, and active against it. In a recent study on the debt crisis in Latin America,

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[9] There have been a number of more dramatic suggestions made with regard to debt refinancing. Some call for converting existing debt into old-fashioned development bonds with a grace period for both interest and principal and a guaranteed real rate of interest. Others urge the creation of a new international institution which would issue long-term bonds to banks in exchange for accepting Third World debts. A new round of SDRs has been suggested as one way of introducing greater liquidity into the international financial system. None of these ideas has been tested, nor does it appear that the political climate at this moment will support high levels of innovation and creativity in dealing with the debt. More practical suggestions, of late, emphasize subsidization when lending occurs at unduly high interest rates. The private banks oppose this suggestion because of the impact on their earnings. Another proposal would permit debtors to pay half their interest in dollars and the remaining half in local currency. Latin American governments are increasingly interested in schemes to limit interest payments to 20 to 30 percent of export earnings.

Ambassador Thomas O. Enders, former Assistant Secretary of State for Inter-American Affairs, put the point well:[10]

> . . .When the crisis in some countries drags on with per capita incomes below 1980 levels—as they may be for much of this decade—and without credible promise of relief, it is easy to imagine resentment and frustration exploding in Latin America, turning against governments when they fail to persuade the United States and other industrial countries of the need for more generous terms. Not only would the current broad but weak trend towards democracy falter, but public order and national security could also be at risk.

Whatever the action taken, the Administration must see U.S. relations with the countries of South America in the broadest context. Not to do so is to neglect the potential impact on the international financial system, the U.S. banking system, and the economic and political relations between the United States and the continent, of a possible debt crisis. It is also to overlook the human cost in South America of the current austerity measures. And, ultimately, it fails to understand that U.S. interests in the hemisphere are best served by whatever steps are taken to strengthen democratic institutions and procedures.

Early in 1983, President Osvaldo Hurtado wrote to the executive secretaries of the United Nations Economic Commission for Latin America (ECLA) and of the Latin American Economic System (SELA). Hurtado asked their help in devising a Latin American response to the economic crisis confronting the hemisphere. The deliberations continue, but Hurtado captured the essence of the problem confronting us when he wrote that:

> What is at stake, then, as never before, is the social peace of the nations and the stability of the democratic system—in brief, the fate of vast human communities which are seeing their unresolved social problems grow worse day by day, are fearfully becoming aware of the possibility of total disaster.

The president of Ecuador is a wise man. He is also a democratic political leader. On both counts, his message requires a thoughtful hearing by the Reagan Administration.

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[10] Thomas O. Enders and Richard P. Mattione, "Latin America: The Crisis of Debt and Growth", *Brookings Discussion Papers in International Economics*, No. 9, December 1983, Washington: The Brookings Institution, p. 79.

Chalmers Johnson

EAST ASIA: ANOTHER YEAR OF LIVING DANGEROUSLY

The major events of 1983 in East Asian politics and economics can be looked at from three broad vantage points or planes of abstraction. At the most general level one sees, rather like the movements of tectonic plates on the earth's surface, a slight shift in the center of gravity of U.S. foreign policy from Europe toward Asia. In large part this shift is prompted by a growing realization among the leaders of the United States and Japan that their nations will, for the indefinite future, be paramount in the fundamental sciences and their practical offshoots in microelectronics, biotechnology, fine ceramics, and other new areas of technical development, and that Western Europe will trail in most of these fields and the Soviet Union simply be left behind. The fact that the American President met with the prime minister of Japan three times during 1983 underscores this trend, as did the President's statement in Tokyo in November that "No relationship between any two countries is more important to world peace and prosperity than the relationship between the United States and Japan."

The next level one can observe in East Asian politics is a shift in the center of gravity from communist to non-communist countries. Several developments punctuated this trend. Japan became involved for the first time in the issue of intermediate-range nuclear forces (INF)—if not in the negotiations themselves. Coincidentally, the Soviet Union has become increasingly concerned with the potential military challenge of Japan, above all with its high technological capability—a concern reflected in the Soviet Union's deployments in East Asia regardless of their impact on progress toward a Sino-Soviet reconciliation. There is also the whole cluster of issues surrounding American attempts (private and official) to understand and respond intelligently to the economic competition coming from the East Asian capitalist developmental states (Japan, South Korea, Taiwan, Singapore, Hong Kong and Malaysia).

Finally, the People's Republic of China no longer looms very significantly in American strategic consciousness. No one is much

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interested in the "China card" and, even if there were one to play, no one thinks that it would have much of an effect on the Soviet Union. China continues to influence the atmospherics of international politics, particularly through what some have called its "gong-banging" style of diplomacy. This consists of deliberately involving its highest leaders in relatively trivial matters, ranging from political asylum for a defecting tennis player, or flights by Pan American Airways to Taiwan, or the textile trade, and then pressuring other countries for concessions in order not to cause these leaders to "lose face." American politicians also apparently continue to believe in the miraculous power of televised pictures of themselves in Beijing to motivate election-year voters (hence a presidential visit is scheduled for early 1984), but China's actual influence on serious events has been more realistically assessed. Meanwhile, the Chinese continue to transmit highly contradictory and even confusing signals into which some Western specialists dutifully read a range of consistent policies, omitting the most plausible interpretation—namely, that such signals may indicate the depth of internal Chinese political disarray.

The third level on which one can discuss this year's East Asian politics is the raw data of events. 1983 saw many chickens coming home to roost—colonial legacies, terrorist incidents, political weakness amid electoral strength, and the well-known consequences of authoritarian rule used for no other purpose than to preserve the reign of a single leader, family, or party.

Among the chickens, we find Sino-British negotiations to turn the world's third largest financial center, Hong Kong, over to the management of the Chinese Communists; the political desert left by 11 years of martial law in the Philippines, made fully manifest by the brutal and senseless killing of Benigno Aquino; and the problems of "red aristocracy" both in China, where a party rectification campaign was begun, and in North Korea, where a succession via lineal descent is being prepared. Terrorism occurred as a part of ethnic conflict in Sri Lanka; as the probably inadvertent but nonetheless inexcusable act of a superpower in the Soviets' shooting down of Korean Air Lines flight 007, killing 269 unarmed civilians; and as a substitute for war in the North Korean bombing in Burma of the governmental leaders of the Republic of Korea. This last use of terrorism is potentially more threatening to world peace even than the attacks on Americans, Frenchmen, and Israelis in Lebanon. In the realm of domestic politics, Japan's dynamic new prime minister, Yasuhiro Nakasone, did his best to overcome his political weakness in what is otherwise a dominant political party. Nakasone's domestic problems were made manifest, although they did not begin, when his sponsor and the most powerful figure in his party, former Prime Minister Kakuei Tanaka, was convicted of bribery in the Lockheed case.

It all added up to another Asian "year of living dangerously," to borrow the name the late President Sukarno, a sort of Indonesian Robespierre who liked to invent new terms and calendars for his revolution, gave to the year immediately preceding his own downfall. Let us therefore begin by looking more closely at the most important country in the region, Japan.

II

Until quite recently the issue of the military security of the northeast Asian non-communist nations was one of the most boringly repetitious subjects in international politics. Year in and year out the same play was performed: the Americans asked the Japanese to give up their "free ride" on defense; the Japanese replied that their constitution, their nuclear allergy, and their domestic politics prevented them from doing so; the South Koreans tried to leverage their own front-line position to obtain more economic aid from Japan; and a Grecian chorus from the Association of Southeast Asian Nations (ASEAN), intermittently joined by Beijing, intoned a Cassandra-like lament about the dangers of "revived Japanese militarism." During 1983 this old, well-established scenario began to change in several interesting ways. It has not yet happened, but it became at least possible that an American-Japanese-South Korean entente will confront the Soviet Union and replace the Sino-Soviet dispute as the most important security configuration in East Asia.

Up to 1983 the Japanese were unalterably committed to doing only the minimum in terms of defense expenditures and planning necessary to maintain friendly relations with the United States. Until very recently the informed Japanese public regarded the U.S. assessment of the Soviet military threat in Asia as flawed and alarmist. According to the Japanese, Soviet military modernization was aimed at China instead of the non-communist nations. And even if Soviet might were to be directed toward Japan, the Soviets were thought to be hobbled by their unfavorable geostrategic position: their ice-bound ports, umbilical cord across the Sea of Okhotsk from Vladivostok to Petropavlovsk, choke points in the Sea of Japan, and deficient amphibious capacity. Moreover, it was argued, the Americans themselves changed their policies toward the Soviet Union frequently and without prior consultation with or regard for Japan. One example that still rankles concerns the sanctions against the Soviet Union after the Afghan and Polish crises, which Japan agreed to join. However, when the Americans were unable to deliver European cooperation, they lifted the sanctions unilaterally *after* the Europeans had already taken advantage of Japan's withdrawal from joint ventures with the U.S.S.R.

It is equally true that the Japanese recognize the economic advantages to them of the one-way Japanese-American Security Treaty, which allows Japan to devote only 1.6 percent of GNP (gross national product) to defense expenditures (on the basis of NATO accounting methods), while Germany spends 3.4 percent (4.3 percent if aid to West Berlin is added), France 4.1 percent, Britain 5.3 percent, and the United States 6.6 percent. The United States is spending twice as much on military research and development as the whole Japanese defense budget, partly in order to defend Japan and its access to Persian Gulf oil, while simultaneously trying to deal with a bilateral trade deficit with Japan in the range of $20 billion.

During 1983 the Japanese position on these issues began to change for various significant reasons. First, the Andropov proposal of December 1982 to restrict INF numbers in Europe to exactly the level of French and British strategic systems was coupled, in January 1983, with reports that the Soviet Union was prepared to transfer some of its SS-20s from Europe to Asia (where the Soviets have already deployed 108 SS-20s). Second, there was growing evidence that the Soviet Union's presence in Afghanistan and Indochina is based on long-range strategic calculations that have little to do with its public defense of its activities in terms of treaty commitments or the Sino-Soviet dispute. And third, the Japanese became alarmed by the stationing of Tu-22M "Backfire" medium-range supersonic bombers on the coast opposite Sakhalin and their repeated intrusions into Japanese air space, and by the Soviets' remilitarization of the southern Kuriles, including their building of a military base on one of the Habomai islands, only 4.5 miles from the eastern tip of Hokkaido. In this changed strategic context, some Japanese leaders also recognized that the weight of their economy in global production, trade friction with the United States, the military relevance of their technological achievements, and the asymmetries in Japanese and American dependence on Persian Gulf petroleum would sooner or later require a new division of labor between the two allies to achieve common security goals.

On October 12, 1982, Japanese Prime Minister Zenko Suzuki announced his resignation and six weeks later, after futile intraparty talks to name a successor and a bruising party primary election, Yasuhiro Nakasone replaced him. Nakasone was not a popular choice in Japan, and he was named to the job because virtually no one else was available. Despite its dominance within the ruling party, the Tanaka faction cannot name one of its own leaders because of Tanaka's troubles with the law; the Suzuki faction had already named the previous two prime ministers (Suzuki and Masayoshi Ohira) in alliance with the Tanaka faction; and the factions opposed to Tanaka were neither strong enough to name one of their own leaders nor willing to cooperate with any faction also receiving backing from Tanaka. Thus the Nakasone faction, although only the fourth strongest of the six factions that govern Japan's Liberal Democratic Party, came to power by default. Nonetheless, even though the Japanese press derided him as a "political weathervane," Nakasone had been consistent on one issue since 1951, when as a young politician he sent a memorial on U.S. occupation policy to General MacArthur: the need for Japan to contribute militarily to the defense of the free world. On taking office Nakasone remarked that Japan's defense efforts had been "carried out on the cheap."

In mid-January 1983, Nakasone began to translate his words into actions by becoming the first Japanese prime minister ever to visit Seoul, Korea, in an official capacity. There he decisively resolved the two-year hiatus in Japanese-Korean talks over aid, agreeing to supply $4 billion over the next seven years, and soothed Korean irritation over slights contained in Japanese history textbooks. The Americans had good reason to welcome Nakasone's accession to power on this score alone, since they had long been worried about the tensions between Seoul and Tokyo.

Later that month, Nakasone made headlines in Washington by forthrightly stating that in times of crisis Japan must be prepared to take "complete and full control of the straits commanding the approach to Moscow's Far Eastern naval bases." This objective goes well beyond Suzuki's earlier promise to patrol the sea lanes for a thousand miles east and south of Tokyo. Only four months earlier, in September 1982, the United States and Japan agreed to begin basing U.S. F-16 aircraft at Misawa Air Base in northern Honshu to help counter the Soviets' Far Eastern buildup. In Washington, Nakasone also agreed to transfer Japanese technology of potential military relevance to the United States and undertook important new measures to relieve the trade friction with the United States.

Prime Minister Nakasone faces many domestic difficulties with his new defense policies. The Japanese public is still weighing its concern over the Soviet buildup versus its concern that once domestic rearmament has begun, it will be very difficult to contain or stop. Nothing seems to have done more to clarify Japanese minds on this score, at least in the short run, than the shooting down of the Korean airliner in the Sea of Japan. Polls taken in the wake of the disaster showed that 91.6 percent of the public felt that Soviet military force was a threat to Japan and 46.3 percent believed that Japan was not making an adequate effort in its own defense. Still, greater Japanese defense spending is constrained by severe Japanese budget deficits and by a strong popular distaste for revising Japan's war-renouncing constitution or for modifying the country's three non-nuclear principles (no manufacture, possession, or entry into Japan of nuclear weapons). The third of these principles has no doubt been quietly breached by U.S. naval vessels some time ago, but its public abrogation will be required if there are to be negotiations to limit nuclear weapons in East Asia, in which a full accounting will have to be made of the numbers of such weapons deployed in the area.

Perhaps the greatest reason for skepticism concerning Nakasone's new verbal commitments is that Japan has no established mechanism for crisis management, no mechanism for a wartime leadership structure, no mechanism for joint operations of Japan's three services, no mechanism for combined operations with the United States, and no plans for the fulfillment of military objectives as distinct from the mere purchase of military hardware. In June, Admiral Robert Long, U.S. commander in the Pacific, said that he regarded the Japan-U.S. relationship as critical to the maintenance of peace and security in his area (whereas a security relationship with China was "essentially nonexistent"), but it has to be added that the relationship is as yet nowhere near being ready to sustain any kind of real test.

Nakasone's willingness to begin to address these cardinal issues made him very popular in Washington and influenced favorably the range of equally serious problems concerning Japanese-American economic competition. The pressure for the United States to retaliate against Japan with protectionist measures, reciprocity legislation, or domestic-content laws relaxed noticeably. Both sides became more concerned about solving or containing their economic disputes instead of using them as scapegoats for domestic difficulties. Nonetheless, there were setbacks. American unions and Japanese farmers kept up their pressure to blame the other side for threats to their excessive wages or their official protection from competition—and politicians naturally found it impossible to be even slightly candid on either of these subjects.

Even so, until the Japanese elections at the end of the year, both sides appeared better poised politically than in the recent past to come to agreements and preserve what has become by far the most economically profitable relationship between any two countries that has ever existed. On Christmas Day, 1982, prior to his first visit to Washington, Prime Minister Nakasone announced the reduction or elimination of tariffs on some 315 products and ordered simplified Japanese customs and product certification procedures concerning imported goods. This last measure of "market opening" in Japan was at least a decade overdue, but Nakasone's leadership on the issue was still a welcome sign of rationality in the alliance.

During 1983 a special "Ron and Yasu" relationship was said to have come into being and to have led to several important cases of mutual assistance in moving toward common goals. In April, President Reagan refused to apply tax penalties to American purchasers of Japanese machine-tools despite the Houdaille Company's having made a nearly airtight case that the Japanese industry was a beneficiary of Japanese governmental support and promotion. It seems that the President acted because of Nakasone's important initiatives toward Korea and to help him manage the forthcoming election in June for the upper house of the Japanese Diet. Similarly, at the Williamsburg Summit of the leaders of the seven advanced industrial democracies in May, Nakasone came out strongly in support of the American deployment of Euromissiles if the Soviet Union refused to negotiate a reduction of its arms—the first time that a postwar Japanese leader ever became involved in substantive arms control matters. In return, Reagan managed to line up the other five leaders (of West Germany, Britain, France, Canada, and Italy) to rule out a Soviet relocation of SS-20s to Asia in any negotiated agreement.

By November Nakasone needed Reagan's help to overcome the political fallout from Tanaka's conviction on October 12 and to prepare the groundwork for Japanese general elections. Similarly, Reagan needed Nakasone's efforts to show progress on the trade friction issue, particularly to vindicate Reagan's antiprotectionist stance and to counter former Vice President Mondale's promises of anti-Japanese measures to the AFL-CIO. By inviting Reagan to Japan from November 9 to 12, Nakasone hoped to divert Japanese voter attention from the Tanaka debacle, as he also did with the visits of West German Chancellor Helmut Kohl at the beginning of November and of Chinese Party General Secretary Hu Yaobang at the end of that month.

During this visit Nakasone unveiled the fourth package of market opening measures since 1982. This set of policies is much the most important of the four since it goes beyond merely opening the Japanese market and involves active stimulation of the domestic economy and the promotion of imports. When and if the Diet gives its approval, the Japanese government will cut tariffs on 40 hitherto protected items, remove all tariffs on semiconductors so long as the United States does the same, advance by a year tariff cuts agreed to in the 1979 Tokyo Round of multilateral trade negotiations, provide Japanese Export-Import Bank loans for imports of manufactured goods, and cut income and other taxes by about $5.2 billion. The Japanese Minister of Finance also promised measures to try to raise the value of the yen by stimulating demand for it. The Japanese are not yet prepared totally to internationalize their financial system, but they will permit new kinds of international transactions, such as allowing more foreign importers of Japanese goods to pay in yen. When implemented, these steps should at least reduce if not eliminate the price advantage enjoyed by Japanese goods in foreign markets.

Since approximately 1980, when the Foreign Exchange and Foreign Trade Control Law of 1949 was rewritten, Japan has made a good faith effort to open its domestic economy to the world. It is today probably more sinned against than sinning in terms of trade barriers. But this effort came so late in the postwar era and was so obviously the result of foreign pressure rather than domestic initiative that its true scope and depth have been unappreciated. Nonetheless, the problem of whether foreign competition in the Japanese domestic market is even possible has been largely resolved: foreigners can now at least try to sell most of their products in Japan. But the matter does not end there. Maintaining a free international commercial system still faces the problems of the cartelization of trade—quotas, orderly marketing agreements, trigger prices, and so forth—and of national "industrial policies," meaning government-business relationships in countries such as Japan that are more conducive to the growth of productivity, savings, and the orderly change of industrial structure than in most of Japan's trading partners.

In the area of cartels, the November Japanese-American agreements made the problem worse, not better. In what the press called the "cows for cars" deal, Reagan and Nakasone obtained temporary advantages for American automobile manufacturers and Japanese farmers but at the expense of both of their countries' consumers. Japan agreed to extend for a fourth year its "voluntary" curbs on auto exports to America, while raising the quota from 1.68 million to 1.85 million vehicles. In return, the Americans acquiesced in a little more Japanese stonewalling on the issue of imports of beef and oranges. Japan's Ministry of International Trade and Industry (MITI) will now have to assign new export quotas to Japanese automobile manufacturers, a problem that will be made more difficult by General Motors' announced plans to import 190,000 subcompacts from Isuzu and Suzuki next year. Isuzu's current quota is only 16,800 and Suzuki's zero. Moreover, when the proposed GM-Toyota joint venture goes through—that is, partly to manufacture in California and partly to import a small car—the whole quota system will presumably have to be rethought or scrapped.

Predictably enough, the United Auto Workers and Chrysler Chairman Lee A. Iacocca complained about these recent developments because the Japanese quota was raised somewhat and because it was "for one year only." The unions want outright protectionism through domestic-content legislation; and Chrysler, which has been importing Japanese cars under its own brand names since 1970, is irritated that GM intends to give it some competition on this front. But some other American complainants have a case. U.S. Trade Representative William E. Brock defended the fourth year of auto quotas against Japanese criticism by pointing out that "the auto industry has been a depressed industry in the United States for the last three years. Yet we have permitted a 22-percent import penetration by one country [Japan], 30 percent by imports overall. There are eight to ten depressed industries in Japan, but the import penetration is less than one percent in those industries—and we have a better product at a better price than you do in each of those industries."[1] (Brock is thinking of such things as aluminum refining, petrochemicals, urea manufacturing, ferrosilicon, cardboard paper, ammonia, and phosphoric acid.)

Mr. Brock's observation involves Japanese industrial policy, a subject of abiding interest throughout the year to American politicians and industrial leaders alike. The Japanese government does not *protect* its depressed industries (i.e., attempt to save them unchanged), but it does authorize cartels, tax write-offs, and concessionary loans for them to scrap excess capacity and relocate workers in an orderly manner. In May, the Diet enacted MITI's latest instrument for dealing with this problem, the Structurally Recessed Industries Special Measures Law. During the year, MITI similarly launched new research consortia to promote the fine ceramics and biotechnology industries; and it saw to the enactment of a new law providing incentives for industrial relocation and the rational grouping of high technology industries (the so-called Technopolis Law of April 1983). It is Japan's capacity to conceive of and execute these types of measures in a nonpartisan way that constitutes the real *défi Japonais* to the Americans, much as the Europeans perceived an earlier *défi Américain*. Although the United States effectively held the line against protectionism during 1983, there was no sign of an American consensus on what to do about industrial policy, although it seems certain to be a hotly debated topic during the 1984 presidential election campaign.

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[1] *Los Angeles Times*, November 2, 1983.

These generally favorable trends in Japanese-American relations were dealt a potentially severe setback at the end of the year by the 16th postwar Japanese general election. The election was forced on Nakasone when all the Japanese opposition parties boycotted Diet proceedings for some 38 days in light of Tanaka's conviction and Nakasone's refusal to allow a vote on a resolution calling on Tanaka to resign. Nakasone was trapped. To put a resolution before the Diet censuring Tanaka would guarantee Nakasone's loss of Tanaka's support; yet by going to the polls six months before the term of the lower house is due to expire, he forfeited the prime minister's power to call an election at the most opportune time. Heavily pressured by the secretary general of the ruling party and a leader of Tanaka's faction to hold an election, which Tanaka knew that he, if not his colleagues, could win, Nakasone acquiesced.

The results were disastrous. The Liberal Democratic Party lost 34 seats in the 511-member House of Representatives, its worst loss in any postwar election. The party emerged with only 250 seats, less than a simple majority, and it continued to rule only by forming a coalition with an eight-member conservative party and by immediately adding to its roster nine conservative independents who had run without party endorsement. Among the nine were several convicted bribe-takers in the Lockheed case, who had resigned from the party at the time of their arrests in 1976. Tanaka himself was reelected by the biggest majority he had ever received in his 15 elections since 1947, and his faction remained by far the most powerful and cohesive in Japanese politics.

As the year ended, Nakasone was barely reelected as prime minister in a close Diet vote. It was certain that his power to lead the country had been gravely weakened and that he would face a severe challenge throughout 1984 from other conservative leaders who want to head the party. The press, which contributed as much as any institution to this situation, spoke of a likely "semi-paralysis" of Japanese politics for the immediate future. This would stall implementation of many promised Japanese changes of policy and would certainly strengthen the hands of foreign leaders who favor dealing with Japan through pressure rather than mutual accommodation.

Nakasone is the first postwar Japanese prime minister with a strong strategic sense of Japan's international political responsibilities, not just of its economic role, and his continuation or failure to continue in office will have an important effect on the Japanese public agenda for the rest of this century. Japan's peculiar postwar legacy—a nation not divided like Germany but depoliticized internationally, democratized, and directed like medieval Venice toward neomercantilist pursuits—remains very influential. Nakasone began a process of change, but his views are obviously ahead of those of the Japanese public. He or his successor must attend to this gap, as must the Americans. The alliance would be more secure if there were at least a few assistant secretaries in the American executive branch as familiar with Japanese government as there are numerous Japanese officials familiar with American government.[2]

III

In a recent conversation with a young scholar from the People's Republic of China, I said, apropos of various changes being implemented there, that we in America wished Deng Xiaoping a long life. "I don't," the scholar promptly replied, "because the future of people like me cannot depend on the policies of a man who was born in 1904. We want to know what will happen after him." This remark goes to the heart of current Chinese domestic politics: the serious political problem of how to retire and replace the entrenched veterans of the Red Army who seem more concerned with hanging on to their privileges than with overcoming China's backwardness and poverty. This issue of the next transfer of power has been the secret agenda of Chinese politics since at least 1978.[3] What is surprising is that it seemed even less near being resolved in 1983 than it had five years before.

Deng Xiaoping has been and apparently still is the leading reformer in China. But he has found it impossible to overcome the deep factionalism that affects the Chinese political and military elites and to promote a new generation of technically competent, educated leaders. The Twelfth Party Congress of September 1982 was supposed to be the occasion for Deng's much delayed breakthrough on this front. He did succeed at the Congress in downgrading the Politburo and advancing the Party's Secretariat, headed by Hu Yaobang and staffed by Deng's men. He also created a "Central Advisory Commission" as a prestigious forum to which he could promote old revolutionaries who were too senior to sack. Although Deng himself tried to set an example by moving to the new commission, such aged figures as Chen Yun, Xu Xiangqian, Ye Jianying (whose son is deputy governor of Guangdong Province), Peng Zhen, and Nie Rongzhen refused to budge. Deng could not force them out, and he appeared to be in a weaker political position after the Congress than before.

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[2] For an estimate of how little expertise on Japan there is in the U.S. government and of the costs of the lack, see Ronald A. Morse and Edward A. Olsen, "Japan's Bureaucratic Edge," *Foreign Policy*, Fall 1983, pp. 167–180.

[3] See Theodore H. White, "China: Burnout of a Revolution," *Time*, September 26, 1983, pp. 30–47, especially pp. 42–43. This remarkable article, by an old China hand who was given unusual travel privileges in a long visit, gives a vivid impressionistic picture of some of the economic and social accomplishments of the Deng regime. But it makes clear the immense shadow of the question of passing power to a new generation, along with other threats to continued political stability.

During June 1983, at the Sixth National People's Congress (NPC), Li Xiannian, age 74, and Peng Zhen, 81, emerged respectively as the new head of state and chairman of the People's Congress. The average age of the Politburo is 72.4 and of its Standing Committee 75. The average of the ages of the chairman and the four vice chairmen of the newly created Central Military Commission is 80. A particularly acute problem has been to eliminate over-age and unqualified leaders of the armed forces and, simultaneously, to curtail their rights, as army veterans, to retire into choice managerial posts in industry regardless of their abilities. To try to deal with this, Deng sits as chairman of both the Party's and the state's military commissions. The Beijing *China Daily* of June 21, 1983, said that the NPC session showed "the new national concern to lower the average age of state leaders," but this concern was neither new nor amenable to any apparent solution other than continued factional and personal infighting. Thus President Reagan, as he meets with Chinese leaders, can look forward to being one of the younger men in the room.

During October 1983, the Second Plenum of the Twelfth Chinese Communist Party Central Committee gave the go-ahead for a party rectification campaign (a purge, if it succeeds). This is supposed finally to produce Deng's new, "pragmatic" leadership structure. However, the campaign—which is to build a "socialist spiritual civilization" and to culminate in a re-registration of all qualified Party members—is scheduled to last three years. And its first results suggested the fall not of leftists and ex-Maoists but of reformers—for example, the firing in November of Wang Ruoshui and Hu Jiwei, who were two leading whistle-blowers about Party failings for the Party newspaper, *People's Daily.*

Chinese spokesmen continue to maintain that the openings to the West and Japan, material incentives, and modernization remain the basic policies of the regime, but the trend of events has been otherwise. The main concerns seem instead to be warding off the danger of "poisoning by bourgeois ideas" from abroad, checking the peasants' enthusiasm for the degree of decollectivization thus far allowed, and beating back any and all challenges to the redundancy of the Communist Party. A new constitution for the People's Republic, the fourth, was adopted in December 1982. It guarantees due process in legal proceedings and freedom of religion, among other things. But the following August the government suspended the penal code and began systematically rounding up and shooting alleged felons in the big cities. Two Chinese priests who had been released in 1979 were sent back to jail because they apparently sought to establish new ties to the Vatican.

On the positive side, the Chinese government continued to enforce its draconian but probably unavoidable birth control program. (They are sufficiently sensitive about this and other rural practices, however, to have pressured Stanford University—which has an important collaborative project with China in high-energy physics—about a young doctoral candidate in anthropology who did fieldwork in a Chinese village. Stanford subsequently refused to grant him a Ph.D.)[4] The Chinese have also announced plans to remodel Mao's mausoleum by installing statues of previously purged revolutionary leaders. This may afford future tourists a rare opportunity to see somebody—in this case, Mao—actually "turning over in his grave." But the main post-Mao reforms have clearly bogged down. This may be because bureaucratism, corruption, and abuse of power are too deeply entrenched, or because political compromises must be made with affected groups, or because the reforms have already served their purposes and are now inconvenient to the reformers, or because of a combination of all three.

On July 1, 1983, the party published the *Selected Works of Deng Xiaoping* as a basic study guide for the forthcoming rectification campaign. By November some 40 million copies (the approximate number of members of the Chinese Communist Party) were in print. This collection does not contain any articles earlier than 1975 and omits Deng's most famous remark: "Whether it is black or white, a cat is a good cat if it catches mice." More significantly, however, only three of its 374 pages are concerned with external affairs. This suggests that China's true preoccupations are internal—as has often been true in the past—and that the wellsprings of its foreign policy, save in cases of unmistakable threat, are domestic politics. Sino-American relations during 1983 seem illustrative.

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[4] See Stephen W. Mosher, *Broken Earth: The Rural Chinese*, New York: The Free Press, 1983.

The first half of the year saw contacts between Chinese and Americans at their worst point in a decade. Foreign analysts said that this was because of the Reagan Administration's support for Taiwan, a view that was vehemently endorsed in Beijing in March by House Speaker Thomas P. O'Neill. Among other things, the Chinese retaliated against U.S. insistence on a quota for textile imports by cutting off their imports of American agricultural products; they suspended cultural exchanges because the United States gave Hu Na, the defecting tennis player, political asylum; they restricted Pan American's overflights of Chinese territory because it resumed flights to Taiwan; they demanded that the United States and Japan stop allowing Taiwanese representatives in their countries to issue visas to Taiwan; and they protested when President Reagan interpreted the Sino-American communiqué of August 1982 to mean that China had agreed not to use force against Taiwan.

And then, in May 1983, Secretary of Commerce Malcolm Baldrige visited China and promised to clear up the bureaucratic muddle in Washington over high-technology exports, and suddenly his listeners seemed to forget about all the other issues. In rapid succession the United States and China agreed to a new textile quota; China resumed importing cotton and soybeans; American Motors concluded a joint venture with the Chinese to manufacture four-wheel-drive vehicles there; China granted offshore drilling rights to American oil companies; and Secretary of Defense Caspar Weinberger had a cordial meeting with Defense Minister Zhang Aiping about the three-year hiatus in talks concerning proposed arms sales to China. Premier Zhao Ziyang agreed to visit the United States in January 1984, and President Reagan said that he would like to visit China in April. It is, of course, entirely possible that another episode of Chinese "gong-banging" will scuttle these plans.

The current policy of the American government to try to sell arms and militarily relevant technology to the People's Republic is intensely controversial among informed observers. American officials seem most concerned to try to obtain guarantees that military technology will not be transferred to hostile or unstable governments, such as North Korea, but there are several other issues involved. In my view the basic policies of the democratic governments toward China should be to try to sustain and perhaps advance the tentative economic and social liberalization that the Chinese have been experimenting with since 1978. This would involve primarily engaging the mainland Chinese in a broad range of economic relationships, including the opening of our markets further to Chinese manufactured exports such as textiles. Nonmilitary commerce can have the effect in China of reinforcing the positions of managers and economic reformers who are trying to raise the productive levels of Chinese workers in order to meet international price and quality competition.

Arms sales have precisely the opposite effect. They reinforce the predominance of the Communist Party and emphasize the strategic and military concerns in the developing relationship. Unfortunately, U.S. policy in recent years has been directly contrary to the one suggested here. Nonetheless, the Chinese have shown no great readiness to purchase arms on American terms, and the issue is largely stillborn. Much more important than any hypothetical security relationship with China is the continuing education of thousands of Chinese students in Western universities, China's growing commercial ties with the Pacific Basin, and the stake that many Chinese have developed in the modernization of their country.

Sino-Soviet relations also thawed during the year. Trade doubled, athletic and cultural exchanges increased, and formal discussions on basic issues continued. The Chinese restricted themselves to an expression of "shock and regret" over the Korean airliner incident, and they abstained at the United Nations on the resolution deploring the Soviet attack. Soviet Deputy Foreign Minister Mikhail Kapitsa, who visited China in September, expressed his appreciation to the P.R.C. for these considerations. Apparently neither China nor the Soviet Union regards the Sino-Soviet dispute as being as important as it once was. Since its successful test in October 1982 of a submarine-launched ballistic missile, China feels less threatened by Soviet military power. It also has a vested interest in reducing its own military expenditures in order to concentrate on economic modernization, and it seems to have reassessed Soviet military activities in Asia as being directed primarily at the United States and its allies rather than at China. Similarly, the Soviet Union would like to see an improvement in its relations with China, but it is not prepared to make concessions on Indochina or Afghanistan for the sake of a hypothetical Chinese friendship. Thus the two sides find it convenient to be much more polite to each other than in the past and to continue talking.

However, one curious development beginning in late March in Mongolia raised the possibility of major Soviet concessions in the talks. The Mongols began to expel across the border into China residents and citizens of Chinese ancestry, and they did so with extreme brutality. The Chinese did not protest. It seems possible that the Soviets quietly agreed to remove some of their forces aimed at China from Mongolia and that Ulan Bator was reacting against this development. On the other hand, the Soviets themselves may have fomented the expulsions in order to create an incident that would justify keeping their forces in the country. Whatever the case, the Mongolian border incidents served to remind all observers that however painstaking and logical their analyses of Sino-Soviet relations, foreign commentary on this subject is based largely on speculation.

Chinese foreign policy on one issue displayed no public ambiguity at all. This is the future of Hong Kong. If what has been said publicly is accurate, it appears that a vast but avoidable tragedy for the 5.6 million people of Hong Kong is in the making. The Chinese and British, who are negotiating over what is to happen when the British leasehold on 89 percent of Hong Kong's territory expires in 1997, agreed in advance to keep their discussions secret. The British have abided by this gag rule, but the Chinese have gone public on their "non-negotiable positions" at every conceivable opportunity. It is possible that what has been divulged publicly about the talks is quite different from their actual substance. But these disclosures have scared the citizens of Hong Kong as badly as the conditions on the mainland that caused them to emigrate to Hong Kong in the first place.

It seems certain that the truly just solutions—self-determination for Hong Kong or an offer to buy the New Territories from China in return for British withdrawal and Hong Kong's independence—are not on the table. The Chinese of Hong Kong of course share a common traditional culture with the Chinese of the mainland, but their sociological, economic, and political heritage could not be more different. The Hong Kong Chinese fear that Mrs. Thatcher's government is "realistically" preparing a Zimbabwe-type rather than a Falklands-type solution for them, particularly since the British Nationality Act of 1982, which came into effect in January 1983, denies residency in the United Kingdom to Hong Kong citizens. The real issue, then, is what the Chinese Communists have in mind for them.

Mainland Chinese officials say that they intend to preserve Hong Kong as it is, under the self-government of its own residents and as an "autonomous region" of the P.R.C. Beijing draws attention to the fact that the new constitution of the P.R.C. provides for autonomous region status for both Hong Kong and Taiwan. Nonetheless, the people who are contemplating living under this new status cannot help recalling the fate of another autonomous region, Tibet, which despite a 400-year independent history and culture of its own, found itself summarily incorporated into the P.R.C. Similarly, although Beijing often says to Taiwan that after reunification it can keep its own army, it does everything in its current (to say nothing of future) power to prevent the sales of arms to that same army.

Hong Kong enjoys the second or third (in tandem with Singapore) highest per capita income in East Asia, exceeded only by Japan. This has been achieved on the basis of a form of capitalism that has not existed in Britain for a long time and that is officially anathema in China. The prosperity that this capitalism breeds rests on a confidence in and predictability of the future that the British understand but cannot influence and that the Chinese probably do not even understand. It is the undermining of this confidence that threatens to turn Hong Kong into another "party-run slum" (as the London *Economist* put it) long before the actual 1997 Chinese Communist takeover. Curiously, the Americans have so far said nothing about the issue, even though the United States is Hong Kong's number one trading partner and the largest foreign investor in the territory. It is understandable that we must give the British a chance to do what they can, but time is running short. China has already proclaimed that if no agreement with Britain has been reached by September 1984, it will unilaterally announce its own "policies and guidelines" for the takeover. The world can then begin to deal with a new collapsing economy and refugee flow.[5]

Whatever happens to Hong Kong will have a dramatic impact on Taiwan, where American foreign policy is unavoidably involved. But the current Taiwanese situation offers no cause for alarm. During 1983 the Republic of China was one of Asia's few authoritarian regimes that was making careful preparations for a peaceful political succession—and in a liberal direction. President Chiang Ching-kuo is 74 years old and in poor health. A successor must be found who is determined to preserve the roughly ten-to-one per capita income gap that now exists between the Chinese of Taiwan and the Chinese of the mainland. He must also be able to work with and preserve unity among the Kuomintang, the government bureaucrats, the military, the security organizations, the mainlanders, the born-in-Taiwan mainlanders, the indigenous Taiwanese, and the young and the old. In October the Taiwan government posted General Wang Sheng to Paraguay as ambassador. This has removed from the local scene the legendary strongman of ROC military politics, and seems to pave the way for the current front-runner, Premier Sun Yun-suan, a technocrat, to succeed smoothly to the presidency. The political skill shown in recent years by the Taiwanese in running their high-growth capitalist developmental state is, or should be, a model for the rest of East Asia and much of the Third World.

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[5] See the special issue on Hong Kong of *The China Quarterly*, September 1983, pp. 425–533.

IV

The violence and terrorist incidents that occurred in East Asia during 1983 might appear superficially similar to one another, but they varied greatly in terms of their causes and their political significance. (Large-scale conflict in Kampuchea and Afghanistan was nothing new: it has been going on continuously for five years in Indochina and four years in Afghanistan and has the same root cause: Soviet policy.) The Republic of Korea (ROK) was the hardest hit, but this signified not its domestic failures but its achievements. Terrorism in the Philippines signified precisely the opposite—the dismal failures of the Marcos government on virtually every score. In Sri Lanka the fighting between Tamils, who are mostly Hindu, and Sinhalese, who are mostly Buddhist, had its roots in ethnic differences between the two communities and reprisals for earlier terrorist attacks. The Korean instances are potentially the most threatening to regional and even global peace, but the Philippine outbreaks are likely to pose the greatest headaches for U.S. foreign policy. Both require further discussion.

Thirty years after the truce in the Korean War, the Republic of Korea has its problems, but compared with North Korea, it is one of the greatest success stories of modern times. South Korea is a newly industrialized nation, one that is preparing to host the International Monetary Fund in 1985, the Asian Games in 1986, and the Olympic Games in 1988. As the fifth richest country in Asia in per capita terms (after Japan, Hong Kong, Singapore, and Taiwan), it has a population of 39.3 million, a growth rate of 9.6 percent during the first half of 1983, and a total foreign trade during 1982 of around $45 billion. The ROK's chief problem is that its people give at best only passive support to their current ex-military leader, President Chun Doo Hwan.

North Korea, by contrast, has a population of 18.6 million; a 71-year-old dictator, Kim Il Sung, who is preparing to pass on his rule to his son, Kim Jong Il, rather in the manner of an eighteenth-century absolute monarch; and a military machine composed of a staggering 35 infantry divisions. The commander of the U.S. forces in Korea has characterized North Korea's specialized forces for irregular warfare, about 100,000 in number, as "the strongest in the world."

Beginning in 1982, the ROK undertook a new foreign policy, its so-called Nordpolitik, to try to build normal, mutually advantageous relations with the People's Republic of China and the U.S.S.R. Lee Bum Suk, the foreign minister, was the statesman who was leading this effort, and had achieved some degree of success, at least with the U.S.S.R. But perhaps the increasing global recognition and confidence of the government in Seoul also caused panic in the North, leading Pyongyang to launch a terrorist attack on the Chun cabinet. This attack came on October 9 in Rangoon. On the first stop of a planned 18-day tour to Burma, India, Sri Lanka, Australia, New Zealand and Brunei (which became independent of Britain at the end of 1983 and will soon join ASEAN), the Chun cabinet was laying a wreath at the Martyrs' Mausoleum in Rangoon. A bomb planted in the ceiling of the mausoleum exploded, killing four Burmans and 17 Koreans, including Lee Bum Suk, the director of the Economic Planning Board, the minister of commerce and industry, and the minister of energy and natural resources. The chairman of the ROK Joint Chiefs of Staff and the vice-minister of finance were seriously injured. President Chun and his wife escaped only because their automobile was delayed in traffic and the terrorists detonating the bomb apparently mistook the arrival of the car of the Korean ambassador, who was also killed, for that of the president. Chun immediately canceled the remainder of his trip and returned to Seoul to rebuild his government. It is a good thing he did so, since North Korean terrorists were subsequently found (and expelled) in Sri Lanka, apparently a fail-safe team in case the terrorists in Burma did not succeed in their mission.

It is strongly suspected in Seoul that had Chun himself also been killed, the North Koreans might have followed their attack with an all-out assault on the South. There is no question that North Korean agents carried out the bombing in Rangoon. On November 4, the Burmese government disclosed that three saboteurs were involved (one dead, the other two under arrest), and that they were a major and two captains in the North Korean army. An unexploded antipersonnel mine found on the site also came from North Korea. Rangoon has since broken relations with Pyongyang and ordered all North Korean diplomatic personnel out of the country.

North Korea also seems to have been responsible for the bombing of the U.S. cultural center in Taegu on September 22, suggesting that it has launched a campaign of terrorism against the ROK. The devices used in Taegu and Rangoon were more sophisticated than are normally available to non-state terrorists, and the Taegu bombing occurred during the convention of the American Society of Travel Agents, just as the Rangoon bombing occurred during the convention of the International Parliamentary Union. Interestingly enough, Soviet delegates had been invited to the IPU meeting, but they declined after the Korean airliner attack of September 1. Following the Rangoon incident, the North Koreans announced that if President Reagan visited Korea, "he won't leave alive."

The serious implications of the Rangoon incident were immediately apparent. Secretary of Defense Weinberger attended the funeral in Seoul for the killed cabinet officials—and also advised strongly against a reprisal by the ROK. Chun agreed, but he publicly promised retaliation for any future outrages (and on December 4 the South Koreans did sink a North Korean patrol boat). President Reagan's trip to Korea, following his state visit to Japan, took place amid heavy security but without incident. The President condemned the North Koreans for their obvious war preparations and their bombings, visited the demilitarized zone, and made temperate appeals for more democracy and freedom of opinion in the ROK. In more general terms, the Rangoon bombing seems to signify the unequivocal beginning of an era of state terrorism as a form of surrogate warfare. It is the first confirmed instance in recent times of a state attempting to disguise its use of force through the use of ostensibly non-state terrorists (although historians may in retrospect date the onset of this form of conflict from the attempted assassination of Pope John Paul in 1981).

In addition to the Rangoon incident, the ROK was shaken on September 1 when the Soviet Union shot down Korean Air Lines flight 007, killing 110 Koreans, 61 Americans, 28 Japanese, and 70 other nationals. Korean steadfastness in the face of these blows, including Seoul's determination to continue with its "open door" policy toward China and Russia, was praiseworthy. But the longer-range domestic problems within South Korea remain. Although the Korean airliner and Burma bombing disasters temporarily stilled domestic criticism of the Chun government for the first time since it was installed in 1979, the country cannot long delay progress in the political arena commensurate with its remarkable degrees of economic and social development.

In the Philippines, by contrast, the degree of political development is about on a par with its economic and social development: all three are lagging. At the close of 1983, the Philippines posed the strong possibility of a decaying authoritarian regime collapsing like Somoza's Nicaragua. What happens next could affect the largest American military bases of their kind outside the United States, the Subic Bay Naval Base and the Clark Air Force Base. Given the Soviet naval presence in Indochina and the American need to project power into the Indian Ocean, American access to these facilities is of clear strategic importance. As a former American colony and current ally, the Republic of the Philippines is also strongly identified with the United States in the minds of East and particularly Southeast Asians. The Filipino record on political stability, democratic rights, and economic progress thus cannot help but reflect to some degree on the United States.

Unfortunately, American lack of sensitivity about these matters during 1983 contributed to the tragedy that shook the Philippines—and ultimately forced President Reagan to cancel his proposed November visit to Manila, which was intended to be the first stop on a trip that originally included Indonesia and Thailand as well. This was the assassination at the Manila airport, on August 21, of former Senator Benigno S. Aquino, Jr., Marcos's longtime rival and the central figure in the moderate opposition. Almost certainly the act was done by airport security guards acting on the orders of higher military officials. This identification of those responsible for the killing has not yet been established by an impartial investigation, but it is believed to be true by virtually every politically sentient person in the Philippines, including many officials close to Marcos. Given the fact that Aquino was living in the United States before his return and that he all but predicted he would be assassinated, one wonders why the White House or the State Department did not receive him publicly or send a bodyguard or otherwise signal its interest and concern in his well-being. As matters stand now, the killing of Aquino has been a near-fatal blow to the credibility of an already deeply discredited regime.

President Ferdinand E. Marcos was democratically elected to office in 1965. He declared martial law in 1972, lifted it in 1981, but has continued to rule by decree. Since about 1978 the Philippines have been headed for serious economic and social trouble: during 1982 the republic had a current account deficit of $3.35 billion ($2.4 billion in 1981), a debt service ratio on the order of 25 percent, and a population growth rate of 2.4 percent (abetted by Catholic Church opposition to family planning). The Philippines have not shared in the general economic prosperity of most of non-communist East Asia, nor has the nation offered as favorable a climate for foreign investment as Malaysia or Singapore. A number of reasons account for this. First, the Philippine government has pursued an inwardly oriented strategy of economic development that stresses import substitution rather than the manufacture of products for export. Second, the economy has been mismanaged because competition to control it exists among Imelda Marcos, the president's wife and the "minister of human settlements"; technocrats such as Cesar Virata, minister of finance since 1971 and the current designated successor to Marcos in case he should retire or be incapacitated; and oligarchically organized private economic groups. Third, Marcos himself has used much of his influence to build up the military as a political base rather than paying attention to the balanced development of the whole country.

The only significant insurgencies against a non-communist government in East Asia still exist in the Philippines. One is the 11-year-old Muslim struggle in Mindanao led by the Moro National Liberation Front, which is now subsiding due to internal dissension. The other is that of the New People's Army, the military arm of the outlawed Communist Party of the Philippines, which showed new strength during 1983 in Mindanao and other parts of the country. Mindanao is the second largest island in the Philippines with a population of some 11 million; it is also one of the poorest and most backward areas in all of non-communist East Asia. Most American aid to the Philippines, which is negotiated and paid in return for leases on the Subic and Clark bases, has gone to Luzon, particularly to the area around the capital.

Before the Aquino killing, a new base agreement covering the years 1985–89 was smoothly and easily renewed with the Marcos government. Although base agreements are made with the government of the Philippines and not with any particular regime, many Filipinos do not make that distinction because of Marcos's repeated personal identification with the agreements. Unquestionably, they tend to identify the United States with Marcos as much as any single factor—and in the fall demonstrations there were many posters denouncing the "U.S.-Marcos regime." Yet the bases mean much to the Philippine economy, and the American leaseholds would probably survive a change in the government.

Marcos's problems became disasters in the wake of Aquino's assassination. As confidence in the future fell to nil, foreign currency poured out of the country. The Philippine peso was devalued twice during 1983 for a total loss in value of 28.6 percent; the International Monetary Fund's guidelines for a reconstruction of public finance collapsed (although the IMF authorized on December 14 a $100-million loan directly to the Philippine treasury); and Manila's largest foreign creditors gave it only a 90-day moratorium, expiring in January 1984, on the repayment of its debts. Most seriously, the middle classes of Manila openly demanded that Marcos resign. Beginning on September 16, anti-Marcos rallies were held twice weekly along Ayala Avenue, Manila's banking and financial center. The professional and educated classes were outraged not only by the government's official explanation of the Aquino assassination but also by the fact that a month later the police shot and killed ten demonstrators. In the eyes of moderate and non-communist citizens of Manila, the only people who could have profited from Aquino's death were General Fabian Ver, since 1981 chief of staff of the armed forces and Marcos's cousin, and Imelda Marcos, the president's wife. Both were thought to be positioning themselves to succeed Marcos, who is alleged to be in very poor health.

Almost anything could happen in the Philippines: civil war, the breakup of the country (on November 12 the Muslims of the Mindanao-Sulu region threatened to secede), communist insurgency, economic collapse, military coup d'état—or the persistence of the Marcos regime, propped up in one form or another by the military and by American aid. The preference of the middle-class protesters would be a Marcos resignation, the holding of fair congressional and presidential elections, and increased aid from the United States, even though there is as yet no well-known moderate contender for office to succeed Aquino.

In the two months after the Aquino assassination, the Reagan Administration confined itself to strong appeals for an impartial investigation (which only got under way at the end of the year); the cancellation of the Reagan visit was handled in low key and on the basis of alleged scheduling problems. By the end of the year, the U.S. Embassy in Manila was apparently exerting quiet pressure to ensure that the elections for a new Assembly, scheduled for May 1984, were held and freely conducted. Much will depend on whether this takes place, and Congress may play a role by delaying its approval of the 1983 base agreements. If these elections should turn out to be a sham, or if the results of the investigation should set off further protests, the United States may have no choice but to reassess its policies, including the possibility of withholding aid from Marcos, despite his threats to hold the bases hostage, and working out a new agreement on the bases with his successor. Whatever is done, American domestic political fallout is also likely as lack of foresight on the Philippines, going back for several administrations, comes home to roost.

V

It is regrettable that President Reagan had to cancel his scheduled meeting with the foreign ministers of the Association of Southeast Asian Nations in Jakarta. ASEAN is the first successful regional organization in East Asia, and with the notable exception of the Philippines, all of its members are making significant economic progress. The United States cooperates with ASEAN in its attempts to quarantine Vietnamese imperialism in Kampuchea and Laos, and it consults with ASEAN over measures to respond to the growing Soviet military presence in the area. Although Reagan was not able to go to Southeast Asia because of the Aquino killing, Japanese Prime Minister Nakasone visited the region in May and succeeded in quieting misgivings about "revived Japanese militarism." He was able to show that any Japanese military buildup will be in cooperation with, and not a substitute for, American military power in the Western Pacific and that, without any amphibious or airlift capability, Japanese forces are purely defensive. Nakasone's reassurances were, however, no substitute for hearing the American President reaffirm *our* continued presence, including the military side.

Another reason why the U.S. President needs to visit ASEAN is to help calm its dispute with the new Labor Party government of Australia, which was voted into office in March 1983. The Australian prime minister, Bob Hawke, campaigned in part on a platform of restoring humanitarian aid to Vietnam and cutting off aid to Indonesia because of the way it has run the former Portuguese colony of East Timor. This Australian stance infuriated the ASEAN nations, and the dispute became serious in October when Australia refused to continue cosponsoring the U.N. resolution calling for the withdrawal of all foreign troops from Kampuchea. America may need to mediate between Australia and ASEAN.

VI

It would be pleasant if the "year of living dangerously" were to be followed by a "year of no significance," but this seems unlikely. Although the non-communist nations of East Asia are the most successful economically in the world today, their weaknesses in political institutionalization are notorious. Not a single nation bordering the Western Pacific, including Japan, has evolved a two-party system for alternating political leaders in power (Australia and New Zealand are of course South Pacific exceptions). Nonetheless, these nations' strategy of building political legitimacy on the basis of economic performance provides much higher levels of living and degrees of societal openness than in the Leninist command economies, and infinitely greater prospects for evolution in a democratic direction.

American policy toward the region, although displaying a deceptive and superficial competence, is based largely on premises that are a decade or more out of date. A majority of the senior governmental officials concerned with East Asia are specialists in Asian communism; and with some important exceptions, they all suffer to varying degrees from the tunnel vision that long immersion in communist affairs produces. The need for a regional or even global political-economy perspective is only beginning to be recognized.

The significant trends in Asia are not necessarily those revealed by crises and newspaper headlines. The trends that call for new weights and a greater balance in an overall policy for Asia and the Pacific are the emergence and unquestioned success of new forms of capitalism in non-communist East Asia, the magnetic pull that these new societies are exerting on mainland China, the determination of the Soviet Union to compensate for its economic backwardness by becoming a military power in the Pacific, and the centrality of the East Asian nations to any discussion of scientific and technological progress, energy supply, or international finance and commerce.

An American strategy for East Asia should give first priority to the opportunities and challenges posed by non-communist Asia. China and Chinese communism are, of course, important. But China's vision of the future of East Asia is unlikely to prove influential because capitalist East Asia has upstaged the old East-West debates and because China's version of communism is no longer a "model" for anyone, including many mainland Chinese. Friendly, "normal" relations should of course be maintained with the mainland, but China's strategic significance has paled in comparison with that of the arc stretching from Japan to Singapore, including Taiwan. There are few Americans left who are unaware of the challenge coming from the East Asian capitalist developmental states and even fewer unaffected by their influence. It is time that this challenge and intelligent responses to it take center stage in the nation's East Asian foreign policy.

Jennifer Seymour Whitaker

AFRICA BESET

For much of Africa this year, immediate threats to survival dominated national agendas. In the extreme north and south, Libya and South Africa attacked the territory of weaker neighbors. Less noticed but far more widely devastating, a harsh drought destroyed crops across the continent, confronting more than 20 million people with the prospect of starvation. Declining rates of per capita food production over the last decade, coupled with escalating debt and falling returns on exports, left many African states at the margins of existence—at least according to Western calculations. And at year's end, a military coup abruptly ended four years of American-style democratic government in Africa's largest nation, Nigeria, renewing fears about political upheaval throughout the continent.

Partly in consequence of this general buffeting, African nations remained unusually silent in international and intra-African forums. Pounded by nature and the ongoing worldwide recession, aware of their military weakness in an international environment increasingly characterized by resort to force, African states as a group discernibly muted their activism on the continent-wide political issue of southern African liberation. After three years of diplomatic stalemate in the Reagan round of the Namibia negotiations, and in face of the continued use of South African military force against recalcitrant neighbors, the independence of Namibia seemed to have lost much of its salience as an issue.

For the Reagan Administration, that diminished African attention—paralleled by a U.S. focus on Middle East and Central American crises—came as something of a blessing. Apart from a midsummer alarm over Chad, and a major speech on southern Africa by Under Secretary of State Lawrence Eagleburger, the momentum of the Reagan policy toward Africa appeared to have been largely exhausted. As hopes for a Namibia settlement dimmed, escalating military pressure on Angola from South Africa and the Pretoria-backed Angolan insurgent movement, UNITA, seemed to preclude any early departure of the Cuban forces from Angolan territory. In this context, year-end proposals by the Botha government for

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negotiated cease-fires both with Angola and with the Namibian SWAPO insurgents apparently aimed more at improving South Africa's image than at achieving an international settlement.

South Africa appeared to be hunkering down for the long haul, continuing to talk about diplomatic solutions on Namibia and internal reforms while relying increasingly on its military power to neutralize insurgent movements directed at the liberation of Namibia or majority rule in the Republic. Both the vulnerability and solidity of the ruling whites' position were demonstrated during the year. With its sophisticated and highly destructive explosive attacks on the new Koeberg nuclear power facility late in 1982 and on the South African Air Force headquarters in Pretoria in May 1983, the African National Congress (ANC) reinforced its position as the most potent expression of South African black aspirations and the chief security threat for government military planners.[1] In November, on the other hand, Prime Minister P.W. Botha's regime swept to victory in a referendum of whites which endorsed greatly increased powers for the head of state and expansion of the regime's political base through limited political participation in the national government for Coloured and Indian voters—but not blacks.

While the Reagan Administration welcomed the referendum result as a first step toward further change, and stood firmly by its policy of "constructive engagement" with South Africa, during 1983 potent domestic opposition to that policy crystallized within the U.S. Congress and among black Americans. Several pieces of pathbreaking legislation levying economic sanctions on South Africa sharply escalated congressional activism on the issue of human rights in South Africa. Further, the growing electoral strength of black Americans represented an important new influence on the discussion of U.S. policy toward Africa, and particularly southern Africa.

II

On one issue—Africa's economic plight—the "globalist" Reagan Administration found much common ground with its critics, joining a consensus among many blacks and committed Africanists that African development is the most important long-term concern for the continent as a whole.

Africa's economic dilemmas were certainly not new to 1983. However, their extremity and seeming intractability appeared, in the fourth year of global economic weakness, to mesmerize both Africanists and a larger group of nonspecialists who seemed awed by the dimensions of Africa's crisis.[2] Two decades after independence, the world's newest nations were floundering.

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[1] For an authoritative account of the ANC's role, see Thomas G. Karis, "Revolution in the Making: Black Politics in South Africa," *Foreign Affairs*, Winter 1983/84, pp. 378–406.

Twenty-two of the world's 36 poorest countries are African. Throughout the region, balance-of-payments crises, rising debt and increasing food imports have led to a continent-wide decline. By 1983, African public debt had soared to over $65 billion (from $5 billion in 1970), which, in light of the extremely meager public resources of most African countries meant case after case of near-bankruptcy and badly depleted reserves.[3] At the beginning of the year, prices for Africa's main export commodities (other than oil) had fallen to their lowest point in 30 years—21 percent lower than in the 1975 recession, when prices for these commodities had slumped by a sudden 18 percent.[4] At the same time, the cost of imported manufactured goods and oil soared and food remained high. The gap between export receipts and import expenditures rose from $1.8 billion to $10.7 billion between 1973 and 1980. Looking ahead, Africa's medium-term growth is likely to be the lowest of any region of the world. According to the World Bank's *World Development Report 1983*, "there is now a real possibility" that the per capita income of low-income countries in Africa "will be lower by the end of the 1980s than it was in 1960."

Beyond this long-term decline in basic economic indicators, nature smote Africa with particular fury in 1983. Drought struck parts of the Sahel, West and Central Africa, the Horn, and the southern African breadbasket, killing crops and heightening the vulnerability of livestock to the epidemic rinderpest disease. In Ethiopia an estimated three million people were totally dependent on emergency supplies (though only about one million received them consistently), while many were forced off their lands into relief camps. From the Atlantic to the Indian Ocean, the second year of poor rains has devastated crops in South Africa and its neighbors. Zimbabwe, which exported food to 15 African countries in 1981–82 (and in 1982 sold the United Nations a third of the food aid provided under its World Food program in Africa), incurred a 1983 drought bill (including relief loans, irrigation costs, and loss of exports) of almost $500 million. In Botswana the corn crop fell from about 60,000 to 16,000 tons; in Mozambique the government reported four million of its people in need of emergency food supplies; in Namibia, as in neighboring countries, prolonged drought killed off large portions of national livestock herds. South Africa itself weathered what was in some areas the worst recorded drought in two centuries; the country lost an estimated $1 billion in export earnings. Whereas it has traditionally exported corn each year to other African countries (five million tons in 1982), it had to import corn. The drought's effects were particularly severe in the country's black "homeland" areas, whose ecologies have already been seriously strained by overcrowding.

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[2] Two analyses of Africa's problems representative of the "Africa as a basket-case" school—"Misunderstanding Africa," by Xan Smiley, *The Atlantic*, September 1982, and *The Africans* by David Lamb, New York: Random House, 1982—attracted wide attention this year. The latter book was one of three cited by President Ronald Reagan in answer to the Christmas issue query in *The New York Times Book Review* (December 4, 1983) about the most important books read during the year. For a low-key expert (though still gloomy) account, see Carol Lancaster, "Africa's Economic Crisis," *Foreign Policy*, Fall 1983.

[3] Princeton Lyman, "The Scope of Africa's Economic Crisis," adapted from Deputy Assistant Secretary of State Lyman's address to the opening session of a conference on "Africa's Economic Crisis" hosted by the African Studies Program of the Georgetown University Center for Strategic and International Studies, March 3, 1983. CSIS Africa Notes, May 20, 1983.

[4] C. Bogdanovich-Bindert, "Africa's Financial Future: Some Constraints and Options," CSIS Africa Notes, March 1, 1983.

As in the great Sahelian drought of 1968–74, this season of arid weather may permanently reduce fertile areas. Beyond questions of ecological damage alone, however, the drought dramatized the continent's increasingly narrow margin of survival. Most crucially, the nations of Africa are less and less able to feed themselves. Since 1960 the amount of food produced in Africa has increased by less than two percent a year and that rate is now falling. At the same time, population growth rose from about 2.1 percent per year in the 1950s to 2.7 percent in the 1970s and is expected to reach three percent in the 1980s.[5] Africa's grain imports increased sevenfold—from 1.2 million tons in 1960–63 to 8 million tons in 1980. Yet, according to a World Bank estimate, nearly 200 million people (more than 60 percent of Africa's total population) eat fewer calories a day than the United Nations has estimated are necessary for survival.[6] In fiscal 1983, the United States allocated $55 million in emergency food aid to Africa. Between October and December (at the start of fiscal 1984) the heightened emergency called forth $40 million, and then another $32 million in early January 1984.

Africa's food crisis is closely connected to the continent's overall economic problems. Colonial administrators pushed export crops over food production, and African governments have in their turn siphoned off surpluses from agriculture as their main source of revenues—often ineffectively and wastefully expended. While bureaucratic oversight of the economy has burgeoned, farmers' incentives to produce—for domestic food consumption or for export—have dwindled. Government marketing boards have kept prices to growers low, in order to skim off revenues from export prices and to insure cheap food for city dwellers. Artificially high foreign exchange rates have also made imported food cheap relative to homegrown output. In line with the low priority accorded the rural sector, governments have invested only small increments of national resources in agricultural education and research, rural infrastructure, marketing systems and amenities. Consequently, although about three out of five Africans still earn their living through agriculture, the young and able-bodied are leaving rural areas for the cities in increasing numbers.

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[5] Kenya's rate of population growth, at four percent per annum, is the highest in the world, and perhaps the highest ever.

[6] For an excellent account of Africa's agricultural problems, see Carl K. Eicher, "Facing Up to Africa's Food Crisis," *Foreign Affairs*, Fall 1982, pp. 151–174.

While grappling with Africa's development dilemmas, the United States and other Western donors were also taking a long look at their own aid policies and "expert" economic advice, which, many observers feel, must bear a fair share of responsibility for the confusion in much of African economic planning. Official development assistance accounts for a large part of all capital inflows into Africa—80 percent in the poorest countries in 1980, and 42.5 percent throughout Africa. The whole is often much less than the sum of its parts, however. Proliferating projects generated by competitive donors with short historical memories and shifting strategies tax the resources and motivation of African government personnel. As a result, a burst of initial activity by both host and donor is all too often followed by declining attention and maintenance, eventually becoming yet another rusted-out bright idea.

Africa's growing debt burden, and its increasing resort to International Monetary Fund (IMF) credits for temporary balance of payments financing, have also given that institution's conditions for loans central importance for African policymakers. Because of their poverty, most African countries have not been able to borrow much commercially; their debt is not, by and large, a major concern of the international banking system, though a major burden for Africans themselves. African reschedulings of official debt via the Paris Club are now by far the most numerous, however, and Africa has become a major client of the IMF. Whereas in 1978 the IMF signed two new conditional credit agreements with African countries, it signed nine in 1979, 12 in 1980, and 21 in 1981. As of December 1983, 23 African countries had agreements with the IMF. African dependence on the IMF will likely increase as commercial lending dries up and aid levels fall.

At the same time it is becoming doubtful whether IMF prescriptions for severe restrictions on monetary and credit expansion will, when applied to fragile African economies, lead to economic "stabilization" or increasing chaos. As Gerald Helleiner points out, Africans' capacity for short-term adjustment is constrained by their narrow margins of survival, including limited short-term possibilities for increasing exports, falling per capita income and real wages, limited technical and administrative capacities, and tenuous political support for national governments.[7] The political repercussions of austerity programs have been demonstrated periodically in Ghana, in Liberia in 1979 (when more than a hundred people died in the Monrovia "rice riots") and more recently in "sugar riots" in Khartoum. Thus the stage is set for a series of confrontations over loan conditions in the coming years. In 1982 seven African countries failed to meet IMF guidelines, and Tanzania-IMF negotiations have been deadlocked for some time.

In sum, the economic development choices for most African countries were posed particularly starkly by the end of 1983. Neither the World Bank-IMF prescription of open economies and increased exports[8] nor the African counterstrategy for regional self-reliance[9] seemed workable in the near term. On the one hand, markets for African commodities are not likely to expand greatly even in a post-recessionary period, while on the other, African countries are seldom in the market for the goods their neighbors are exporting, and joint industrial development efforts currently face insuperable political problems. African states must adjust to declining capital inputs for some time to come—but in order to do so they need short-term and medium-term concessional loans or grants to stimulate the agricultural economy and refurbish deteriorating infrastructure.

Significantly, the Reagan Administration explicitly singled out Africa's development problems for high-level coordination within the State Department this year, as well as for interagency coordination. Under State Department leadership, representatives of the Agency for International Development, the CIA, Defense, Commerce, Treasury, Agriculture, the Overseas Private Investors Corporation, the Export-Import Bank, the Federal Reserve and U.S. representatives to the IMF and the World Bank came together to consider policy for specific countries (including Zambia, Zaïre,

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[7] G.K. Helleiner, "The IMF and Africa in the 1980s," *Essays in International Finance*, International Finance Section, Department of Economics, Princeton University, No. 152, July 1983.

[8] *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, Washington, D.C.: World Bank, 1981.

[9] *Lagos Plan of Action for the Economic Development of Africa 1980–2000*, Lagos, Nigeria: April 1980.

Sudan, Somalia, Kenya, Nigeria, Liberia and Senegal). The aim was to maximize the use of scarce resources for Africa in two ways: by harmonizing differing executive branch objectives regarding Africa, and by spurring consultation and cooperation with other donor nations. Bilateral donors and the World Bank conducted joint negotiations with the Sudan throughout the year, linking wide-ranging programs of debt rescheduling, aid and policy reform. Such donor coordination, exceptional in the past, may become the pattern of the future for Africa--with similar efforts underway in Kenya, Liberia and Senegal.

U.S. private investors are unlikely to provide major capital inflows to Africa, and the Administration has soft-pedaled this aspect of Reagan orthodoxy, while pointing to "the vital role of the private sector" *within* Africa. This non-doctrinaire approach includes a recognition that classic austerity measures will not suffice to correct existing distortions in African economies. Deputy Assistant Secretary of State Princeton Lyman made this point in an address in March 1983, when he cited the example of a "major country in Africa," saying that if it "had followed all the prescriptions of the IMF, and undertaken a normal Paris Club rescheduling, and received the same level of aid as in the past, it would have ended up with a net negative per capita GNP growth for the following years."[10]

An Administration not addicted to "welfare" spending has thus upheld aid levels for Africa. U.S. aid to sub-Saharan Africa remained fairly constant at about $960 million, including a significantly higher proportion of military aid (about 14 percent this year) than allocated by previous administrations. The Administration also requested a 20-percent increase in the African share of the World Bank's International Development Administration funding. And at year's end the Office of Management and Budget appeared likely to approve the special African aid initiative proposed by the State Department, amounting to $500 million in total, with $75 million earmarked for 1984.

However, the Africa Bureau's push for more aid also ran afoul of countervailing Administration policies. The 25-percent cut in U.S. IDA funding announced in December would affect Africa significantly. The U.S. cutback means a decline in the total IDA three-year replenishment from $12 to $9 billion and aggregate aid totals to Africa are likely to drop sharply. In addition, increased amounts of U.S. bilateral aid slated to go to Israel (and therefore to Egypt), as well as a major effort on aid to Central America (as recommended by the Kissinger Commission) will almost certainly draw funds from less strategically interesting areas.

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[10] Lyman, *loc. cit.* footnote 3, p. 4.

III

Turning to the internal political front, Nigeria's December 30 coup sent shock waves throughout the region. The country had just completed its second election under a governmental system modeled on that of the United States. Despite predictions that the electoral process itself, which was hotly contested by several major parties, would be halted by a coup, violence was held to a level considered moderate in the context of Nigeria's volatile history, and the incumbent president, Shehu Shagari, achieved a solid victory.[11] Three months after Shagari's second inauguration, however, General Mohammed Buhari assumed power in a smoothly orchestrated putsch involving extensive coordination of military leadership at widely separated bases within the sprawling country.

Nigerians' apparent welcome of the coup seemed to indicate that their dissatisfaction with inefficiency and corruption in the civilian government outweighed popular commitment to the democratic system. In addition, rising national debt and falling oil revenues have mandated stringent austerity measures, effectively cutting off Nigeria's safety valve of economic optimism. And widespread rigging during the election itself probably cost the civilians a good measure of credibility.

In retrospect, Nigeria was apparently unready for the bold experiment in largely unconstrained political competition that endured from 1979 to 1983. The disillusionment from Nigerians' failure to carry through on an extremely carefully constructed system of their own design, however, is likely to increase the difficulties of succeeding governments in mobilizing the allegiance of their citizenry.

Perhaps the relatively constrained exercise of political participation in Senegal, Kenya and Cameroon may permit a more enduring political evolution. In each of these countries, modest consolidations did occur and each demonstrated the flexibility of its political institutions, with peaceful transitions from towering national father figures to a new generation of leadership. In Senegal, a February multiparty election involving 14 parties and five presidential candidates confirmed the leadership of President Abdou Diouf, the appointed successor (in 1980) to the country's revered poet-president, Leopold Senghor. In a vote reported to be largely free of irregularities, Diouf won handily.

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[11] Shagari's total share of the vote increased from 34% in 1979 to 47%; he won 25% of the vote in 16 (out of 19) states (versus 12 2/3 states in 1979).

More ambiguously, a September national election in Kenya similarly solidified the parliamentary support of President Daniel arap Moi, formerly considered a weak compromise choice to succeed the towering Jomo Kenyatta, and the object of an abortive military coup in 1982. In the polling, Kenyans turned out 40 percent of the sitting parliamentarians. A very low turnout for the single-party elections, however, seemed to indicate that Moi's adroit maneuvering at the top had not dissipated the popular disenchantment demonstrated by the riots which accompanied the coup attempt. In the Cameroons, Paul Biya, chosen in 1982 to succeed the country's 25-year president, Ahmadou Adhidjo, successfully beat back moves for his ouster by the former president's supporters. The sincerity of the new president's call for a more democratic, open society seemed borne out by increasing freedom of discussion and publication.

Although these latter cases cannot in every instance be viewed as clear-cut "victories for democracy," in each the country's leadership demonstrated its willingness and ability to accommodate change while avoiding a degree of conflict which might engender civil unrest or military take-overs. Although the prevailing economic crisis has sharply increased pressures on Africa's fledgling political institutions, these relatively open, Western-oriented nations displayed important signs of political maturity.

Conciliation and adroit compromise also salvaged the 1983 annual summit meeting of the Organization of African Unity (OAU). That the meeting took place at all was a significant victory. The Addis Ababa session in June ended a 15-month deadlock during which two summit sessions broke down, and participants feared the OAU itself might disintegrate. The controversial chairmanship of Libya's Muammar al-Qaddafi in 1982 threw the organization into something of a tailspin. In addition, two regional conflicts, over the Western Sahara and Chad, threatened to capsize the OAU.

In 1982, half the organization wanted to seat the Polisario guerrillas, who are fighting Morocco for control over the Western Sahara, as the legal government of the disputed territory, while many of the others joined Morocco in a boycott which blocked a quorum at the August session in Tripoli. Trying again to assume the chairmanship in November, Qaddafi blew it this time by his unpopular attempt to seat the Chadian rebels rather than the currently governing group under Hissen Habré. This time around the OAU, under the chairmanship of Ethiopia's President Mengistu, rebuffed Qaddafi's attempt to seat the Polisario by securing a compromise entailing Polisario withdrawal from this meeting and a call for Morocco to negotiate with the insurgents.

The 1983 compromise signaled the commitment of the Polisario's supporters—and particularly its main backer, Algeria—to the OAU. It also represented the only game in town for possible resolution of the eight-year-old Western Saharan conflict.[12] Like the formula agreed on at the OAU's 1981 summit, the measures passed in the closing moments of the 1983 OAU session called for a ceasefire and referendum on the territory's future—within six months. By year's end, however, no sign of either was in sight. Instead, July and August saw a flareup of major fighting in the Sahara—the first after a nearly two-year respite. The well-equipped Polisario forces attacked in strength, maneuvering around the Moroccans' defensive sand wall and inflicting serious casualties. Libya reportedly halted aid to the Polisario after Morocco agreed to refrain from criticism of the Libyan operation in Chad, discussed below. Algeria, however, apparently put its commitment to the insurgents ahead of a possible deal with Morocco. Thus the Saharan conflict would very likely continue to bedevil OAU politics. Morocco's position appeared to be eroding as staunch allies like Senegal criticized the Moroccan government's obduracy in refusing to negotiate directly with the Polisario.

IV

Chairman-manqué Qaddafi withdrew from organization politics (at least temporarily) and returned to the military arena in Chad. The 20-year civil war in that country was escalated abruptly in midsummer as rebel forces under Goukouni Oueddei mounted a powerful assault with Libyan assistance, including air support.

For the Reagan Administration, Libya's latest incursion into Chad represented a threat become an opportunity.[13] Early on, Qaddafi became the Administration's favorite radical—so outrageous that he had alienated all but a marginal fringe, and small enough to take on without qualms. From late 1981 through 1982 he stayed on his best behavior, going for the elusive prize of the OAU chair. But after his defeat at the 1983 OAU summit, he marched back to Tripoli and unleashed Goukouni in full force in northern Chad. After Goukouni's forces took the Chadian desert stronghold of Faya-Largeau, the United States began a military airlift to support the Habré government, which retook, then again lost the northern outpost. In early August, the Administration, impatient at France's failure to act, sent two AWACS reconnaissance planes and eight F-15 fighter-bombers to Sudan's capital, Khartoum. Shortly thereafter, the French sent 300 paratroopers (later raised to 3,000 sent to the front line) to the Chadian capital of Ndjamena, and followed up with ten fighter aircraft.

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[12] Although the United States does provide military aid to regional "moderate" Morocco, partly in return for a contingency agreement on use of Moroccan military facilities, and the Soviet Union reportedly channels some aid to the Polisario through Algeria and Libya, neither superpower has gotten involved in the regional political maneuvering to any significant extent—or officially taken the side of either party.

[13] Libya has always had important links with Chad in the form of commerce and religious ties across their mutual border. Qaddafi has given aid to various factions in Chad almost since his accession to power in 1969. Apart from a seemingly infinite ambition for dominance, his machinations in Chad have aimed particularly at securing the Aouzou strip along Chad's northern border—the alleged location of uranium deposits.

As this scenario unfolded, the French did not hide their reluctance to involve themselves again in a civil war they had fought in actively, off and on, from 1968 to 1980. For its part, the U.S. Administration prodded the Mitterrand government quite openly—deployment of the AWACs, for example, served no real military purpose but seemed mostly designed to get the French moving. Although a common interest in containing Qaddafi's adventurism in French Africa eventually brought French and U.S. policies into closer harmony,[14] Mitterrand stated in an August 16 interview in *Le Monde* that France would not be pushed around by the United States, and Paris did not wish to make an adversary of Libya. He also took the United States to task for having encouraged Habré to challenge the former Chadian government under Goukouni.

The real differences stem from the tangled and murky recent history of power politics in the area. In 1980, the Chadian government under Oueddei—just set up under OAU auspices—requested and obtained the departure of the French troops from the country. In the resulting vacuum, the beleaguered leader called in the Libyans to help fight off rival chieftains, particularly his former colleague and minister Habré. Then in November 1981, responding to pressure both from the new French government of François Mitterrand and from the OAU, Goukouni in turn asked the Libyans to leave. When they did so, Habré's rebel forces gathered momentum, and despite the presence of a 4,800-man OAU peacekeeping force, drove Goukouni out of Ndjamena in June 1982. Although supporting the OAU peacekeeping and mediation effort with a contribution of $12 million, the United States reportedly also channeled millions in military aid to Habré, who was actively sponsored by U.S. allies Sudan and Egypt as an adversary to Qaddafi. Thus Mitterrand's implicit question about U.S. geopolitical maneuvering in the region: Would the French intervention have been necessary in 1983 if the United States had not played "friends and foes" earlier on?

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[14] An August coup in Upper Volta, returning to power the former prime minister, "pro-Libyan" Captain Thomas Sankara, reinforced French and American apprehension.

Beyond Qaddafi's growing role as the leader Washington "loves to hate," U.S. moves against him responded to calls from Egypt and the Sudan. For the former, Qaddafi combines the symbolic threat of a militant Islam with real financial ties to Egyptian dissident groups, and in the Sudan, real and imagined Libyan-sponsored coups have periodically punctuated the melee of domestic politics during the 15-year ascendancy of President Gaafar Nimeiri. Sudan's anti-Qaddafi and pro-Western stance—Nimeiri expelled the Soviets in 1977—made it a particular favorite of the Reagan Administration. The United States sent $250 million in economic and military aid to the Sudan in 1982 and more than $200 million in 1983, by far the largest total for any country in sub-Saharan Africa. During 1983, however, Sudan's simmering civil conflict between the Moslem north and Christian/animist south threatened to burst into flames again as the Nimeiri government decreed the rule of Islamic law over the entire nation and increasingly reasserted northern control over local affairs in the south. If the Administration accedes to reported pressures from U.S. oil prospectors in the south (notably Chevron) to help Nimeiri contain southern insurgents it will, ironically, be helping to support Islamic fundamentalism in Africa.

As for the Chadian conflict itself, the United States at year's end had reportedly contributed $25 million in military and economic support for the Habré regime. The French intervention had brought about a stalemate and partition of the country, and without aggressive French support Habré apparently remained unable to dislodge his adversary from the northern third. The French, for their part, indicated their intention to negotiate with Libya on terms for their mutual withdrawal. Without conceding Libyan territorial claims on the northern Aouzou strip, Paris spoke hopefully of a "federation" as "more in line with reality than a formal unity always being broken."[15] Negotiations between the Chadian parties were scheduled as a result of prodding by fellow Africans at the October francophone summit in Vittel, but protocol problems disrupted a meeting in early 1984, and the history of the conflict made optimism risky.

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[15] *Le Monde*, August 26, 1983.

V

The other extremity of the African continent also saw more fighting than talking this year. South Africa's direct and indirect threats to its neighbors' security appeared to take precedence over the long-stalled Namibia negotiations even for the Front Line states. Indeed, the emerging South African strategy cast doubt on the continuing salience of Namibian independence as an issue, given Pretoria's evident determination to ensure its neighbors' docility with military force.

A major focus of African and Western hopes for the region since 1977, the Namibia negotiations remained deadlocked on the question of the Cuban presence in Angola. At the end of August, U.N. Secretary General Pérez de Cuéllar returned from a mission to South Africa, Namibia and Angola to report to the Security Council that the remaining obstacles to the implementation of U.N. Resolution 435—which does not mention the Cubans—had been resolved: that is, the composition of the U.N. peacekeeping force, the voting system to be used in a pre-independence election, and the impartiality of the United Nations. However, a series of sweeping offensive strikes by the South-African-backed Angolan insurgent group, UNITA, apparently timed to coincide with the Secretary General's visit, dimmed hopes that the Angolan government would be amenable to sending the Cubans home at any time soon. Then in December and January South African forces pushed 150 miles into Angola in an extremely heavy offensive operation designed to mop up SWAPO. In that context, South Africa's December offer to withdraw its troops from Angola in return for an Angolan-imposed quarantine on SWAPO was angrily dismissed by Luanda. Nor is an agreement on withdrawal likely until Angola is sufficiently assured of its security vis-à-vis both South Africa and UNITA to start serious negotiations. Similarly, Pretoria's 1984 offer of a negotiated cease-fire with SWAPO appeared unlikely to bear fruit until there was a credible prospect of South African agreement to internationally supervised elections.

In fact, the recent surge of the UNITA guerrillas underlines basic questions about South African intentions regarding Namibia. Pretoria has built up a very strong military position in Namibia and southern Angola, effectively controlling a 30-mile-wide strip of southern Angola, where about 1,500 South African troops reportedly operate regularly. From this bastion they supply air cover and reportedly even technical support for UNITA's raids. In the last six months of 1983, UNITA pushed far north of its previous area of action, with forward units operating in isolated areas just a few hundred miles from the capital. Although very little populated area is reliably "controlled" by UNITA, the insurgents' growing ability to inflict economic damage and military casualties has increased the uncertainties within the Luanda regime and the sense of upheaval within the country, where seven central and southern provinces are now governed under emergency legislation. Although the Cuban troops in Angola rarely engage UNITA, several thousand reinforcements apparently arrived from Havana in the fall, and the Cubans reportedly fought in the year-end battles with South Africa in the southern part of the country.

The Angola-based South Africans also interdict raids against Namibia by SWAPO insurgents based in Angola, who must cross the South African zone in order to reach Namibia. An estimated 1,000 SWAPO fighters now operate within Namibia, and 5,000 more are grouped in Angola. Guerrilla raids continue, but SWAPO now operates against much higher odds than it faced two years ago, or even in 1982. Within Namibia itself, 30,000 South African troops (about 9,000 of them Namibian blacks) patrol the northern border region. While the motivation of the insurgents to win control over Namibia has very likely not diminished, their morale cannot remain immune to the lack of any hope for early success.

The South Africans appear to believe they are winning the war. Rumors spread, during the second half of the year, about a South African plan to create another state out of northern Namibia and southern Angola—thereby excising from Namibia the troublesome Ovambos, who because of their numbers predominate in the membership of SWAPO, and putting them under the control of UNITA's Jonas Savimbi. Although the scheme seemed mostly wishful thinking, it expressed a feeling that has grown increasingly pervasive in the area in the past year or two: that South Africa's military power will allow it for some time to come to do just about what it wishes in the region.

On the internal Namibian front, Pretoria has spent significant time, energy and resources over the past several years trying to build alternative Namibian coalitions that might be able to beat SWAPO at the polls in an internationally supervised election. In January 1983 its best bet so far—the Democratic Turnhalle Alliance, a multiracial grouping of 11 small ethnic parties, led by a white, Dirk Mudge—resigned from government in some disarray. At that point South Africa resumed direct rule of Namibia through an administrator general, Willie van Niekerk, a gynecologist.

Throughout the year, the administrator bent his efforts toward establishing a state council to draw up a new constitution for Namibia. The proposal for a constitution inevitably stirred recurring speculation about South African plans to bypass international negotiations and go for an "internal settlement." South African officials asserted that any constitution drawn up would only be an "interim" document, and indeed they seemed most concerned about maintaining some semblance of political activity within the territory, to keep the internal parties busy. Toward the end of the year van Niekerk succeeded in convening a "multi-party conference," which appeared to be flirting with the idea of forming an "interim government." But the administrator general appeared to have little success in attracting well-known and credible political leaders to participate.

In assessing the likelihood of progress on the Namibian negotiations, the most important calculus concerns the costs and benefits to South Africa of different courses of action. The Angolans now have almost as strong an interest as SWAPO in a settlement, for it would effectively cut UNITA off from its South African patrons. For Pretoria, however, domestic politics combine with strategic calculations to severely dim prospects for an international settlement. While no South African is happy with the daily expenditure of at least one million dollars on the war, and the government would undoubtedly like to "deliver" a major foreign policy coup to its friends in the Reagan Administration, the white South African body politic appears set against a genuinely independent Namibia.

In the first place, independent Zimbabwe—as seen by a largely hostile South African press—has heightened white fears about a Marxist Namibia. The 1980 election of Robert Mugabe as prime minister of Zimbabwe confounded the expectations of many South African whites, who had hoped for a "cooperative" Zimbabwe under the leadership of Bishop Abel Muzorewa. And the growth of ethnic conflict under Mugabe has reinforced stereotypes about black rule. In addition, the Botha government's own mobilizing rhetoric about the communist "total onslaught" aimed at South Africa has apparently convinced whites of the reality of this threat. According to a survey based on a representative white opinion sample published by the South African Institute of Race Relations at the end of 1982, over 80 percent agreed that the country is currently subject to a "total onslaught."[16] In that context a secure Namibia may seem a military and strategic necessity.

Further, the internal political upheaval occasioned by the constitutional proposals for inclusion of Coloured and Indians in the national government, and the November referendum on that question, left the government reluctant to stir up other hornets' nests now. In the view of John Barratt, the director of the South African Institute of International Relations, "Even if the Government feels realistically and objectively that an internationally acceptable resolution of the Namibian conflict—including the risk of a SWAPO electoral victory—is in the best long-term interests of South Africa, its room for manoeuvre and its range of options are now severely limited by the white public opinion it has helped to create."[17]

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[16] Deon Geldenhuys, "What Do We Think? A Survey of White Opinion on Foreign Policy Issues," Occasional Paper, South African Institute of International Affairs, November 1982, p. 6.

Statements made for internal consumption by Prime Minister Botha also cast doubt on the degree to which an "international settlement" in Namibia means the same thing to Pretoria as it did to the rest of the world. Speaking of the communist menace to Namibia, he said in late 1982 that "SWAPO and the ANC [as well as the Cubans] should leave southern Africa before South Africa could deliberate on the future of Namibia."[18]

The Angolans appear—with reason—scared to death of South Africa at this point. Helpless in the face of South African penetration of their territory, and increasingly beleaguered by UNITA, they have become more, rather than less, dependent on the Cubans. The latter function, in the final resort, as a sort of tripwire, insuring that, in the event of another South African invasion (the first, in 1975, brought the Cubans in force to Angola), the Cubans and Soviets would surely come to the rescue. For the Angolans to give up that tripwire they would have to be convinced that South Africa would not invade—or that the United States would restrain Pretoria from doing so.[19]

However, U.S. statecraft so far has aimed almost entirely at reassuring and assuaging South Africa rather than the other parties to the negotiations. In soft-pedaling criticism of South African cross-border raids and looking benignly on Pretoria's aid to UNITA, the Administration's public statements have often seemed, rather disingenuously, to ignore South Africa's enormous coercive power over its weak neighbor. Instead, Washington has, in effect, declared that well-intentioned sovereign states ought to be able to settle their problems peacefully. "Carrots" offered to Pretoria this year included relaxed restrictions on sales of computers and other technical equipment to the South African military and police (with a particularly controversial delivery of cattle prods to the police); nuclear cooperation in the form of permission to American companies to bid on technical and maintenance services for the Koeberg nuclear power station near Cape Town; and the opening of a trade promotion office in Johannesburg by the Commerce Department.

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[17] John Barratt, "The Outlook for Namibian Independence," *International Affairs Bulletin*, Vol. 7, No. 1, 1983.

[18] Johannesburg Radio, November 18, 1982, quoted in "Africa Update," *Africa Report*, January-February 1983.

[19] See Gerald J. Bender, "Angola: The Continuing Crisis and Misunderstanding," *International Affairs Bulletin*, Vol. 7, No. 1, 1983.

Washington's greatest service to Pretoria, of course, has been its insistent emphasis on the Cuban issue. Beyond the Administration's own interest in Cuban withdrawal, the Reagan team's addition of the Cuban question to the Namibia mix in 1981 was seen by the Administration as a crucial element in selling a Namibian settlement to South African whites. The effect instead has been to take the heat off South Africa, which is now to all intents and purposes shielded by its American patron, and thus considerably more comfortable with the status quo than it would be otherwise.

The Administration's linkage between Namibia and the Cubans in Angola has drawn heavy criticism from African nations and even from other members of the Western "Contact Group," which was formed at the United Nations in 1977 and has actively participated in the negotiations.[20] Participants in an April U.N. conference on Namibia accused the United States and other members of the Contact Group of helping South Africa to postpone the day of Namibian independence. In a June Security Council session on Namibia, frustrations remained largely under wraps, as debate moved toward unanimous approval of a non-controversial resolution calling on South Africa to comply with Resolution 435 and mandating the secretary-general to enter into urgent discussions with South Africa on that resolution. In October, however, another resolution (on which the United States abstained) expressed indignation at the South African insistence on linkage and condemned its obstruction of Resolution 435. In November, a consensus declaration of the Commonwealth conference went further, citing the United States itself for obstructing the negotiating process through its insistence on the withdrawal of Cuban troops from Angola. In supporting this position, Contact Group members Great Britain and Canada explicitly distanced themselves from the United States, as the French had done in 1982 and again in December 1983, when they "temporarily" withdrew from the Contact Group.

Though increasingly concerted, criticism of U.S. policy lacks heat. As frustrated as they may feel, the African nations know that there are no real alternatives to U.S.-led negotiations. Unless supported by the United States and other Western countries, calls for sanctions might well end joint African and Western efforts for a settlement and demonstrate the real gap between the two groups on how to deal with South Africa.

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[20] The group includes Canada, France, Great Britain and West Germany, in addition to the United States.

For the Reagan Administration, this African weakness serves an important purpose in keeping the game going. Despite earlier talk of deadlines, the need now is at all costs to keep a candle burning at the end of the tunnel. As long as talks continue, the final verdict cannot be delivered on the policy of constructive engagement. To most of the world, constructive engagement has encouraged South African intransigence over Namibia and greatly escalated violence against neighboring African states. If hopes for a settlement were pronounced dead, the payoffs of a policy of cooperation with South Africa would have to be found in Pretoria's domestic reforms and regional relationships. Developments on both these fronts this year illustrated again how shortsighted any semblance of U.S. identification with South Africa must be.

VI

In each area the South African government pursued a consistent strategy aimed at reinforcing the basic elements of white power. Both internally and externally, policy reflected the increasing importance of the South African military, under the leadership of Prime Minister—and former Defense Minister—P.W. Botha. Looking first at South Africa's relationships in southern Africa, the year confirmed the outlines of a policy of "destabilization" which emerged clearly in 1982 and appears likely to dominate South Africa's regional behavior for the foreseeable future: that is, the use of its overwhelming military superiority to force its neighbors to toe the line. Most visible in Angola, this tactic works on several levels—through direct South African attacks on installations in bordering states, and through support for dissident groups aiming to overthrow the governments of those states.

Lesotho, which was the target in December 1982 of a South African preemptive raid aimed at rooting out ANC insurgents, was further harassed at the beginning of 1983. At the end of January, bombs planted by the anti-government Lesotho Liberation Army, which operates with at least tacit South African support, rocked a water storage facility near Lesotho's capital, Maseru. The bombs exploded shortly before a conference of a regional organization (the Southern African Development Coordination Conference, or SADCC) devoted to reducing its members' economic dependence on

Pretoria.[21] Again in mid-February sabotage damaged Lesotho's major fuel depot.

In May, following an ANC car-bomb attack on air force headquarters in Pretoria, South African jet planes attacked what South African officials said were ANC offices in Mozambique's capital of Maputo—the first reprisal by air attack. Again in October, South Africa took responsibility for the bombing of ANC offices in Maputo located in the same neighborhood as the headquarters of the Mozambican defense forces and the home of the nation's President Samora Machel. The South African regional campaign has also included extensive sabotage in Zimbabwe in 1982, aid to the rebel Mozambique National Resistance movement (MNR), and, of course, the military occupation of southern Angola and aid to UNITA.

The destabilization strategy appeared to reflect both South Africa's confidence in its ability to solve or contain political problems through military force and, on the other hand, some degree of frustration at the rising incidence of ANC sabotage. The feeling of confidence, even cockiness, on the part of South Africans is, alas, all too easy to understand. Having failed in every political approach toward black Africa over the last several decades, endured castigation at the United Nations over Namibia and apartheid, and, until recently, rejection by its chosen allies in the West, Pretoria has found a strategy it can bring off alone. Reflecting this perception, the South African Institute of International Affairs' survey among whites showed 72 percent of respondents confident that South Africa can prevail militarily in Namibia, while 81 percent supported similar drastic tactics against the ANC, advocating a military response against guerrilla bases in neighboring states.[22]

Only a considerable escalation in Soviet aid to its neighbors could change this calculation significantly. The Soviet Union has maintained a low profile in Africa over the past several years. Until this December the Cubans in Angola reportedly had not engaged South African troops since they faced each other in the Angolan civil war in 1975. In this regard, the participation of Cubans in the December-January Angolan fighting, and the reportedly heavy infusion of Soviet equipment into that battle, seemed to give Pretoria some pause. In addition, the U.S.S.R. delivered an unprecedented private warning to South Africa in November that its activities in Angola are unacceptable, and reaffirmed support for the current MPLA government in Angola.

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[21] SADCC members include Lesotho, Botswana, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

[22] Geldenhuys, *loc. cit.* footnote 16, pp. 10, 14.

Nonetheless, Pretoria's attacks on its neighbors may be expected to continue to several ends: the destruction of the ANC and the inculcation of a more compliant stance in surrounding regimes. Regarding the ANC, the Botha government seeks total exclusion of the insurgents from the region. Defense Minister General Magnus Malan declared in February that unless neighboring countries signed "non-aggression pacts" with Pretoria, South Africa might have to support rebel movements poised against them. In fact, the Front Line states have each limited ANC activity within their borders. Only Angola houses ANC military bases; Zimbabwe permits only political offices, as does Zambia. Neither Lesotho nor Botswana houses ANC offices, but the former has become a particular irritant to Pretoria because of its large South African refugee population, while the latter has, until recently, escaped opprobrium by firmly refusing to permit ANC infiltration into and out of South Africa. The main target of South African reprisals, Mozambique, allows only civilian offices—no military headquarters or installations—but its border with South Africa is porous.

In addition to choking off the ANC, South Africa's success in harassing and threatening the Marxist government in Angola through support of UNITA seems to have fueled Pretoria's broader aspirations in the region. Prime Minister Botha has explicitly compared his country's role in southern Africa to that of the United States in the Western Hemisphere, citing a "special responsibility" to the region similar to the Monroe Doctrine in the "promotion of stability and the strengthening of democratic forces against communist subversion."[23]

South Africa will never realize its hopes of completely cordoning off its borders against insurgents; nor can Pretoria expect to find the governments of the region replaced by regimes tolerant of apartheid. Its strategy has, however, clearly decreased the stability of most regional regimes. Apart from Angola, the South African-supported MNR has severely strained Mozambique's fragile economic and political infrastructures. Zimbabwe's ethnic conflicts make it an equally easy target. For this reason Pretoria's campaign has undoubtedly deeply alarmed its neighbors, and considerably decreased their enthusiasm for crossing the regional power.

With the exception of Zimbabwe, all states in the region have anxiously pursued negotiations with Pretoria. In addition to Angola's abortive January talks on a mutual modus vivendi, Mozambique and South Africa held meetings in December 1982 and in

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[23] *The Star*, (Johannesburg) November 27, 1982.

May 1983 at the border town of Komatipoort to discuss security issues. Lesotho agreed to oust some of its South African refugees (said by South Africa to pose a security threat) and asked 68 to leave its territory in September. Mozambique moved many of its refugees to the north.

Despite this frontal assault on ANC sanctuaries, the frequency of ANC sabotage attacks has actually increased—with incidents reported at a rate of several each month, and of growing sophistication. To the extent that South Africa succeeds in creating a *cordon sanitaire*, the organization will increasingly be driven to train its members and mount its operations from the black townships and rural areas within South Africa—a difficult proposition given the extensive and effective intelligence network controlled by the government.

Yet the ANC cannot be expected to go away. Despite a virtually complete ban on overt black political activity within South Africa, the organization has become the main focus for black political aspirations (as it was before 1960), and its training programs (in Angola and Tanzania) the main destination for dissident youth leaving South Africa. With its 70-year history and 20 years of armed struggle against apartheid, the ANC enjoys a unique legitimacy among blacks, including "moderate" black leaders like Soweto's Dr. Nthato Motlana, Bishop Desmond Tutu and many black trade union leaders. While none of these men advocate violent revolution to end South Africa's racial oppression, it would be difficult for a black leader now to condemn those who use violence as a means of exerting pressure against a white regime that maintains its control through violent coercion of blacks.

While deploring the December 1983 raid on Lesotho, the Reagan Administration for the most part construed South Africa's destabilization activities rather neutrally, as a problem to be solved between the sovereign states in the region by negotiation aimed at removing the cause of the problem—that is, by implication, the ANC. Although the Administration voiced its position in universalistic terms, decrying all acts of violence mounted from the territory of another state, Under Secretary Eagleburger in his June speech explicitly singled out only the threat to South Africa, when he said the United States is "determined to permit [the South Africans] the opportunity to shape and define that change free of the threat of foreign interventions." Whether or not he equated the ANC with "foreign" interventionist forces—it is the only force posing any threat to South Africa from across its borders at present, and is likely to remain so for some time to come—he did deny the organization official sanction when he limited U.S. support to those in South Africa "who are committed to peaceful change."[24]

For the nations of Africa, the effect of this sort of formulation was to ignore the basic cause of all the "cross-border violence"—South Africa's apartheid system—and justify Pretoria's efforts to solve its own dissident problem by attacking its neighbors.[25] The Administration reported sotto voce that it had expressed strong private criticism to South Africa, particularly regarding the 1982 sabotage of oil supplies in Zimbabwe. Washington also encouraged and reportedly facilitated talks between South Africa and the neighboring countries—particularly Mozambique, where the United States focused significant efforts on improving relations with the Machel regime. But the seeming consequence of the U.S. public posture was to signal Pretoria that it need fear no serious adverse reaction to its campaign to mop up its adversaries. As long as all the Front Line states except Angola remain wary of extensive Soviet involvement in their defense, South Africa can act with virtual impunity.

VII

Prime Minister Robert Mugabe of Zimbabwe expressed his assessment of the Reagan policy in August 1983, speaking out more sharply than before. The U.S. stance, he said, has encouraged South Africa "to become more aggressive" toward neighboring nations, and "more intransigent, relying on what it believes to be United States support." Coming on the eve of the Prime Minister's September trip to Washington, this statement probably did not improve U.S.-Zimbabwean bilateral relations, which discernibly frayed during the year.

In its first two-and-a-half years the Reagan Administration had made a concerted effort to cultivate Zimbabwe as a racially integrated "showcase of economic growth and political moderation in southern Africa."[26] In the fall of 1983, however, U.S. officials expressed annoyance over Zimbabwe's abstention on the U.N.

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[24] Address by Under Secretary of State for Political Affairs Lawrence S. Eagleburger before the National Conference of Editorial Writers, San Francisco, June 23, 1983. Department of State, Bureau of Public Affairs, Washington, D.C.

[25] Deputy U.S. Ambassador to the United Nations Charles Lichenstein gave African nations grist for their mills in a November 18 interview with the *Financial Mail* (Johannesburg) in which he stated flatly that "destabilization will remain in force until Angola and Mozambique do not permit their territory to be used by terrorists to attack South Africa."

[26] "The Role of the U.S. Private Sector on Zimbabwe," address by Chester A. Crocker, Assistant Secretary of State for African Affairs, to a conference on Zimbabwe sponsored by the American Bar Association at the African-American Institute, New York City, March 26, 1982. Department of State, Bureau of Public Affairs Washington, D.C.

Security Council vote condemning the Soviet downing of Korean Air Lines Flight 007, and its co-sponsorship of the Security Council resolution condemning the U.S. intervention in Grenada. U.S. irritation culminated with the unofficial Zimbabwean boycott of a memorial service held in Harare for U.S. and French military personnel killed in Lebanon.

These bilateral strains paralleled an intensification of the internal tensions in Zimbabwe—compounded by the disastrous effects of the drought—that have faced the Mugabe government since independence. The regime's heavy-handed suppression of opposition by Joshua Nkomo and of armed insurgency within the Matabele tribal area loyal to Nkomo has fanned the flames of a smoldering ethnic conflict and consequently opened the way for South African destabilization efforts. On the black-white front, however, Mugabe has generally maintained a shrewd balance between fulfilling the expectations of his black countrymen and left-leaning party stalwarts and accommodating whites within a stable and open economic environment. Since 1980 two-thirds to three-quarters of the country's whites have stayed, and significantly for the country's agricultural economy, more white farmers have stayed than left.[27]

After Mugabe's September visit to Washington, during which he reportedly lectured President Reagan about southern Africa, rumors flew of an impending deep cut in U.S. aid to Zimbabwe (originally set at $75 million for 1983 but actually down to $60 million). At the year's end, the State Department reported a fairly sharp cut to $40 million for 1984.

Zimbabwe has been the main black African recipient in the region of U.S. aid and concern. Deterioration of the U.S.-Zimbabwe relationship would further damage the credibility of this part of U.S. policy. The other U.S. program directed to supporting black states in the region—aid to the regional SADCC economic grouping—continued to receive Administration backing but got only a paltry $6 million in aid in 1983.

VIII

Looking at the main objective of the constructive engagement policy—change in South Africa's racially oppressive internal system—the significance of events in 1983 varied greatly according to the eye of the beholder. In November, the country's white electorate voted by a 66-percent majority to extend limited political rights to the Coloured and Indian minorities in a system which excludes the black majority. The new constitution provides for separate parliamentary chambers for whites, Coloureds, and Indians, with each group dealing with its own "community concerns." "Mutual concerns"—including all legislation affecting the apartheid system—will be handled jointly, allowing the numerically dominant whites continued control. Further, the newly created executive president will not have to answer to Parliament, but will settle disputes between the chambers through the President's Council. The new constitution in fact seemed to drain even from white parliamentary politics the reality of power, and raised the possibility of the retirement of opposition leaders like the Progressive Federal Party's Frederick Van Zyl Slabbert from the official political arena.

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[27] "Whither Zimbabwe," by Michael Clough, CSIS Africa Notes, November 15, 1983. According to Clough, the white population has shrunk from about 220,000 in 1980 to between 150,000 and 170,000.

The U.S. Administration welcomed the result as a "milestone in the modern history of South Africa," claiming that "a clear majority of white South African voters decided [in the referendum] to take a step which opens the way to constructive evolutionary change toward a system based on the consent of all South African citizens, 80 percent of whom are not white."[28] And in private conversations, Administration officials indicated confidence that the Botha government had a "hidden agenda" for broadening government to eventually include urban blacks in some way. They also argued that the next steps must go further—the genie of change was out of the bottle and could not be stuffed back in.

Beyond the new constitution, proponents of constructive engagement also pointed to other limited expansions of political breathing space within South Africa, including the lapse of about 50 banning orders (whereby individual dissidents are effectively deprived of the right of public expression); a lessening of harassment of black union leaders, the government's avoidance of a political crackdown on the United Democratic Front (UDF), a new umbrella organization of national and community groups formed to oppose the constitutional proposals; and at least nominal acquiescence in a high court decision (the Rikhoto decision) that could affect hundreds of thousands of blacks by allowing migrant workers who have held jobs in South Africa for ten consecutive years to remain as permanent residents with their families in the black townships—if housing is available.

Outside the Administration, however, longtime South Africa watchers expressed extreme skepticism about the new constitution and continued pessimism about the direction of change in South

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[28] Address by Chester A. Crocker, Assistant Secretary of State for African Affairs, before the fourth Annual Conference on International Affairs, Lawrence, Kansas, November 10, 1983.

Africa. South Africa's main opposition party, the Progressive Federal Party, officially opposed the constitutional proposals because they excluded blacks and for the first time entrenched the apartheid system in the nation's constitution. Prime Minister Botha's repeated statements that blacks would not be given full political rights within his children's lifetime hardly suggest any significant hidden agenda.

In fact, as Coloureds and Indians were invited in, the momentum grew of policies confining blacks to congested and impoverished areas where they will be excluded from South African citizenship (13 percent of the country's land area). Whereas in 1950 39 percent of blacks lived in these rural enclaves, 53 percent do so today—three and a half million of whom have been forcibly removed from white South Africa over the last 20 years.

In this context, the new constitution looked like a tidying-up of apartheid, an attempt to co-opt the Indian and Coloured minorities into the white camp to better balance the black majority. Further down the road, government strategists may also foresee the economic and partial political co-optation of urban blacks (assumed to aquiesce passively in the consignment of their less fortunate fellows to the homelands). While new laws and stiffer enforcement have aimed at more rigorously excluding blacks from urban areas in recent years, government policy has also somewhat improved material conditions of life for blacks considered to be permanently urbanized, and black wages have risen relative to those of whites. A few have qualified to hold land more or less securely (under 99-year leasehold rights).

It suggested the slight political impact of such changes that blacks across the political spectrum were unified in their angry denunciation of the new constitution. Homeland chiefs like Gatsha Buthelezi joined unionists and urban and church leaders who saw the new dispensation as placing a formal seal on their exclusion. Reacting to the prospect of their own co-optation, a sizable majority of the Coloured and Indian communities also reportedly rejected the idea of participating with whites in a government excluding blacks, casting some doubt on the legitimacy of the parliamentary elections if they go ahead as planned, late in 1984. By midsummer, opposition to the proposals gave rise to a new multiracial movement, launched at the largest anti-government rally South Africa had seen in 25 years. An umbrella organization for more than 400 organizations, the UDF includes unions and church groups but excludes those who work within the system, like Buthelezi's political organization, Inkatha. While identifying itself with the ANC's leadership and outlook, the UDF made an omnibus appeal. It committed itself to fight for "a single, non-racial unfragmented South Africa." Keeping the UDF under surveillance, the government has thus far not banned any particular meetings. The UDF's loosely linked, local character makes it an elusive target.

At its August meeting, the UDF passed a resolution criticizing the U.S. policy of constructive engagement as "furthering its own economic interests in our country at the expense of the well-being of our people," and declaring that such "callous support for this unpopular and undemocratic government by the United States cannot stop us in our march towards freedom." This reaction pointed up a major problem with the policy, which repeatedly emerged in statements of black leaders: by signaling cooperation and friendship to whites, one unavoidably signals to blacks a willingness to support the status quo. Despite the Administration's programs for black economic advancement—including scholarship programs for blacks, training for black union leaders, and commitments to support small business in black communities—urban blacks now reportedly widely believe the United States is allied with the South African government. The black general secretary of the South African Council of Churches, Bishop Desmond Tutu, strongly expressed this attitude at a Council meeting in June, when he said that "blacks will remember that Washington collaborated with and supported a regime perpetrating the most vicious system since Nazism and communism," adding that "perhaps the United States wants blacks to know that ultimately they are expendable."[29]

IX

In the third year of the Reagan Administration, the Congress was also growing restive at constructive engagement. Opposition to the Reagan policy reached the floor of the House in four separate amendments aimed at cutting economic support to South Africa and inducing reform there through economic pressures. The legislative proposals diverged sharply from Administration policy in seeking to apply unequivocal and concrete pressures on South Africa. The legislative initiatives included:

—an amendment to the IMF Authorization Bill, introduced by California Democrat (and Chairman of the Congressional Black Caucus) Julian Dixon, instructing the U.S. Executive Director of the IMF to vote against loans to countries which practice apartheid;

—an amendment to the Export Administration Act, introduced by California Democrat Howard Berman, requiring that the United States restore controls prohibiting all exports to the South African military and police (originally imposed by the Carter Administration in 1978 and lifted by the Reagan Administration in March 1982), including strategic but technically "non-lethal" equipment such as computers, light aircraft, and helicopters;

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[29] *The Washington Post,* June 25, 1983.

—an amendment to the same Act, introduced by New York Democrat Stephen Solarz, that would: a) mandate compliance with a strengthened version of the Sullivan fair employment principles by U.S. companies with more than 20 employees in South Africa; b) prohibit commercial bank loans to the South African government except for loans for education, housing, or health facilities available on a nondiscriminatory basis; and c) ban the importation into the United States of the krugerrand, or any gold coin minted or sold by the South African government;

—a third amendment to this Act, by Pennsylvania Democrat William Gray, which would prohibit any new corporate investment or private bank loans to South Africa.

At year's end all three amendments to the Export Administration Act had been approved by the House, as had the bill itself, but they awaited action in the joint House-Senate Conference Committee. The amendment to the IMF bill, opposed by the Administration and many of the Senate conferees, nonetheless survived conference with the addition of a provision weakening it somewhat by allowing the Secretary of the Treasury to vote in favor of loans to South Africa if he feels they would "benefit economically" the "majority of the people," reduce "the severe constraints on labor and capital mobility," and reduce "other highly inefficient labor and capital supply rigidities." It was signed into law in December.

Like the IMF amendment, these legislative initiatives, if passed, would open up an important new source of U.S. government pressure on South Africa, sending a sharp signal to Pretoria and perhaps inflicting some longer-term economic hardship. However, even if it is not all enacted, the passage through the House of this spate of legislation represents unprecedented congressional activism on the question of South Africa. In part, it has been spurred by the time-honored congressional penchant for visible symbolic opposition to Administration initiatives.

Beyond congressional proclivities, however, the anti-apartheid legislation takes off from a half-dozen years of local political action on the issue, which in turn has gained impetus from a growing political base of black elected officials. Starting in the early 1970s, anti-apartheid activism found expression in student and church and other shareholder movements aimed at non-governmental economic sanctions against South Africa through divestment of stocks in companies and banks active in South Africa.[30] The pace of such efforts quickened sharply after the 1976 and 1977 riots in Soweto, coinciding with an upsurge of black activism on South Africa. Although domestic economic issues have always heavily outweighed foreign policy for black constituencies, the increasing numbers and visibility of black elites have strongly increased concern with international issues relating to Africa—and particularly southern Africa. This was manifest in the formation in 1977 by the congressional Black Caucus of TransAfrica, an unofficial black lobby on foreign policy issues. In that same year Reverend Leon Sullivan, a black member of the board of directors of General Motors, started a movement to bring U.S. corporations involved in South Africa into voluntary compliance with a set of guidelines for equal employment opportunity (the "Sullivan Principles").

Closely related to these non-governmental drives, state and local legislative disinvestment initiatives have gathered steam since 1981, when TransAfrica and other organizations brought together a group of state legislators to discuss social responsibility and divestment. The prevalence of these legislative efforts correlates quite directly with the surge of blacks into elective office during the 1970s and early 1980s. According to the Investor Responsibility Research Center, in about two-thirds of the states that have taken up the issue of ties with South Africa, black legislators initiated the debate and have done most of the work in pushing legislation.[31] Though South Africa is not high on the agenda of most state legislatures, legislation limiting in some fashion ties with companies or banks doing business with South Africa has now been introduced in more than 20 states, and has passed in Massachusetts, Michigan and Connecticut.

These efforts affect legislation at the national level both directly and indirectly by changing the political atmosphere as well as through actual links between state and local officials and Congress—particularly those of black officials with the Black Caucus. Since its inception in 1970 the Caucus has grown from 13 to 21. The increasing importance of the black vote, symbolized this year by the presidential candidacy of Jesse Jackson, has bolstered the importance of Caucus positions. This year a number of southern Congressmen who voted to lift sanctions on Rhodesia in 1979 seemed to be responding to this new imponderable by voting for the anti-apartheid amendments (two of which were introduced by members of the Caucus).

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[30] In this discussion of anti-apartheid activity, I am indebted to the excellent study, *Two Decades of Debate: The Controversy Over U.S. Companies in South Africa*, by David Hauck, Meg Voorhes and Glenn Goldberg, Investor Responsibility Research Center, Washington, D.C., 1982.

[31] *Ibid.*, p. 49.

In another display of black foreign policy clout, TransAfrica elicited from five Democratic hopefuls what *TransAfrica Forum* called "often groundbreaking observations" on Africa- and Caribbean-related questions.[32] Most candidates supported some sort of sanctions against South Africa under certain conditions and most also favored recognition of Angola. In effect, their responses notably upped the ante on southern Africa, relative even to the policy pursued by the Carter Administration. In addition, six of the Democratic candidates have endorsed the Solarz amendment, and five supported the Gray amendment.

X

After three years of "constructive engagement," some assessment of this central feature of the Reagan Africa policy seems warranted. From the early days of the Administration, the assumptions and strategy of the southern Africa initiative were formulated with a clarity unusual in a regime focusing preeminently on the domestic economy. By design sharply different from the approach of the Carter Administration, it reflected deeply felt attitudes from the President on down. The justification for warmer relations with South Africa was that they would help achieve a Namibia settlement and gently ease South Africa in the direction of gradual reform toward a nonracial regime.

What effect constructive engagement may have had on South Africa's internal policies is debatable—a strong case can be made that 1983's constitutional changes actually moved away from any eventual grant of effective political participation to blacks. As for Namibia, the logjam there shows no sign of breaking, and American insistence on an explicit linkage with Cuban withdrawal from Angola has increased African frustrations and those of other Contact Group members, and directed them against the United States.

The year-end defection of all fellow Contact Group members except Germany left the Administration a very scanty fig leaf indeed. Although some of the Group may see South Africa's cease-fire proposals as returning the ball to Angola's court, they are unlikely to support the U.S. approach unless the Namibia negotiations make discernible progress. And in the absence of a convincing payoff for three years of effort, the Administration has seriously risked American credibility in black Africa without any compensatory gain.

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[32] *TransAfrica Forum*, June-July 1983. The candidates responding were Senator Alan Cranston, Senator John Glenn, Senator Gary Hart, Senator Ernest F. Hollings, and former Vice President Walter Mondale.

A third issue, hardly visible in 1981 but now a fair test, is the impact of constructive engagement on relations between South Africa and neighboring black states. South Africa's military intimidation of its neighbors may be effective in the short run, but it increases longer-run prospects for regional instability and bitterness. For South Africa itself, the increasing militarization of regional conflict, which its strategy makes inevitable, risks future escalation. As for the United States, the spillover of African hostility could seriously obstruct its African objectives.

The Administration's right wing probably does not see it this way. For this camp, the disarray of southern Africa's leftist regimes and particularly UNITA's growing threat to Angolan government control may constitute tangible benefits. According to this view, we are winning in the south and holding the line against Qaddafi in the North—on the only scorecard that counts: East-West relations.

The approach enunciated by Assistant Secretary Crocker, however, takes quite a different tack on the East-West issue than the ideological right: not unlike his predecessor in the Carter Administration, Crocker emphasizes the need to resolve regional conflict—rather than to "win" it—in order to diminish potential Soviet influence in the region. If his sophisticated and carefully orchestrated policy of amicable relations with South Africa were to lead to a Namibia settlement, the reward would be doubled by a corollary exodus of Cubans.

Unfortunately, the strategy of constructive engagement appears to have been based on a major miscalculation about its would-be cooperating partner—South Africa. The Botha government's position is now such that it may be doubted whether any current inducements would suffice to persuade Pretoria to relinquish control of Namibia to a SWAPO regime. On the contrary, South Africa's current confidence about the success of its destabilization policy suggests that negotiations do not receive a high priority among the means available for advancing its interests.

In this respect, Administration critics—many of them Africans—see a convergence between U.S. and South African policy. And in the absence of a Namibia settlement the Administration's original objective of a negotiated peace may well in fact have shifted, less by design than in response to the nudge of events.

The problem is that U.S. and South African interests are simply not convergent. Where Pretoria's main concern is to contain the threat of its own black majority—and particularly the ANC insurgents—the chief U.S. interest is in "peaceful change," an evolution toward a stable and prosperous nonracial regime whose existence would go far to deprive the Soviet Union of opportunities in the region. And although both countries oppose any extension of Soviet influence into the area, South Africa seeks to achieve this by military means, while the United States (including the present State Department) seeks to ease the conflicts which have often allowed the Soviet Union to increase its stakes in Africa.

The difference is particularly visible in South Africa's policy toward its neighbors. Despite South Africa's emphasis on the communist menace, the Cuban presence in Angola actually fosters Pretoria's aim of securing U.S. support in its internal struggle. On the other hand, the U.S. goal of minimizing Moscow's role mandates not acquiescence in the shellacking of regional leftists but rather opposition to the South African military campaign. The stepped-up involvement of Cuban troops in Angola at the end of the year should heighten this U.S. concern. While "total onslaught" is an extremely distant prospect, South Africa's military campaign insures a growing role for the Soviets.

In sum, constructive engagement has not worked in the short term, and its long-term fruits appear ominous. In order to speed the transition to a nonracial South Africa, and thereby diminish its bitterness, the United States and its Western allies should maintain pressure on South Africa's rulers to recalculate the costs and benefits of their internal policy. Moreover, good U.S. relations with South Africa over the longer term will depend on the cultivation of links with leaders of the South African black majority—including the ANC—as well as whites. Without a sharp change of course, the United States will find its role in southern Africa running counter to its real interests.

CHRONOLOGY 1983

UNITED STATES
(*See also* country, regional and topic entries)

JAN. 5. President Ronald W. Reagan names Elizabeth H. Dole to succeed Drew Lewis as Secretary of Transportation; Dole confirmed by Senate 2/1, sworn in 2/7.

JAN. 11. Secretary of Health and Human Services Richard S. Schweiker resigns; Reagan names former Congresswoman Margaret M. Heckler 1/12 to replace him; Heckler confirmed 3/3, sworn in 3/9.

JAN. 12. Reagan dismisses Eugene V. Rostow as Director of Arms Control and Disarmament Agency (ACDA); names Kenneth L. Adelman to replace him.

JAN. 19. Bipartisan group led by 5 former Treasury Secretaries urges sharp reductions in federal deficit through tax increases and budget cuts.

JAN. 21. Senate Majority Leader Howard H. Baker (R-TN) announces he will not seek reelection in 1984.

JAN. 25. Reagan, in State of the Union message, urges curbs on domestic spending, "standby" tax increase for 1985, continued growth of military budget.

FEB. 5. Federal court convicts former Central Intelligence Agency (CIA) employee Edwin P. Wilson of illegally transporting explosives to Libya in 1977.

FEB. 10. Congressional Budget Office releases report warning that "American economy faces unprecedented risks" if federal budget deficit is not reduced.

FEB. 17. Selective Service System sends names of 5,154 men to Justice Department for prosecution for failure to register for draft.

FEB. 24. Senate Foreign Relations Committee sends 1/12 Adelman nomination to full Senate with recommendation that it be rejected; Committee releases Adelman memoranda on proposed ACDA personnel changes 3/23, contradicting Adelman testimony that he had not considered personnel matters.

— Congressional Commission on Wartime Relocation and Internment of Civilians issues report calling WWII internment of 120,000 Japanese-Americans "grave injustice"; on 6/16 recommends government payments to each of estimated 60,000 surviving Japanese-Americans interned during WWII.

MAR. 9. Environmental Protection Agency Administrator Anne McGill Burford resigns amid charges of mismanagement and political favoritism; Reagan names former EPA Administrator William Ruckelshaus to replace her 3/22; Ruckelshaus confirmed 5/17, sworn in 5/18.

MAR. 10. Justice Department charges Reagan aide Thomas Reed with insider stock trading; White House 3/15 says Reed will give up post.

MAR. 26. Bipartisan group of 6 former Cabinet members calls for major cuts in 1985 military expenditures to reduce projected Fiscal Year 1985 budget deficit.

APR. 14. Senate confirms [57–42] Adelman as Director of ACDA.

APR. 28. US grand jury indicts former US intelligence analyst Waldo H. Dubberstein for providing classified intelligence information to Libyan government in conjunction with former CIA employee Wilson; Dubberstein commits suicide 4/29 near Washington, DC.

MAY 18. Senate approves [76–18] revised immigration legislation strengthening penalties for employing illegal aliens, granting legal status to aliens in US before 1/1/80.

JUNE 18. Reagan names Paul A. Volcker to second term as Federal Reserve Board chairman; Volcker confirmed by Senate 7/27.

JUNE 23. Supreme Court, in landmark decision, voids congressional attempts to exercise "legislative veto" over decisions by federal regulatory agencies.

JUNE 30. Justice Department says Federal Bureau of Investigation will conduct formal investigation of 1980 Reagan campaign's acquisition of briefing books belonging to staff of former President Jimmy Carter.

JULY 20. House of Representatives votes [421–3, 420–3] to censure Rep. Daniel B. Crane (R-IL) and Rep. Gerry E. Studds (D-MA) for sexual misconduct.

JULY 22. Reagan names Robert C. McFarlane to replace Philip C. Habib as special envoy to Middle East.

AUG. 23. Sen. John Tower (R-TX) announces intention to retire in 1984 after 22 years in Senate.

SEPT. 1. Sen. Henry M. Jackson (D-WA) dies of heart attack in Washington; former Washington Governor Daniel J. Evans (R) named to replace him 9/8.

OCT. 9. Interior Secretary James G. Watt resigns amid controversy regarding his remarks about composition of coal advisory commission; Reagan names National Security Advisor William P. Clark to replace him 10/13; special envoy to Middle East Robert C. McFarlane is appointed to replace Clark 10/17; Clark confirmed by Senate 11/18, sworn in 11/21.

NOV. 2. Reagan signs bill designating third Monday in January as national holiday celebrating birthday of Martin Luther King, Jr.

NOV. 7. Former presidential candidate John B. Anderson announces formation of new political party, the National Unity Party.

DEC. 1. Former EPA official Rita Lavelle is convicted in federal court on 4 counts of perjury and obstructing congressional inquiry relating to corruption and mismanagement at EPA.

DEC. 20. White House acknowledges construction of new concrete security barriers around White House, other federal buildings as precaution against terrorist attacks.

THE UNITED STATES AND THE WORLD ECONOMY

JAN. 1. Labor Department announces plan to count military personnel in US employment statistics.

JAN. 3. Romania informs major Western creditors that it will postpone repayment of $1.4 billion in debt principal due in 1983 until rescheduling agreement can be reached.

JAN. 10. Jamaica introduces 2-tier currency exchange system in order to rebuild hard currency reserves.

— International Monetary Fund (IMF) approves $882.5-million loan to Chile in return for strict austerity program.

JAN. 12. Representatives of 10 creditor nations agree to reschedule portion of Costa Rica's $4-billion foreign debt.

JAN. 13. US imposes unilateral import quotas on Chinese textiles retroactive to 1/1 in response to breakdown of trade talks; in retaliation, China announces ban 1/19 on 1983 imports of cotton, soybeans, chemical fibers from US.

— Japan announces relaxation of import rules on cars, pharmaceuticals, appliances and other products.

JAN. 17. Ten major industrial nations agree to make available $20-billion fund to replenish IMF lending resources in order to meet high demand for new loans by Third World borrowers.

— IMF and international banking representatives meet in Zurich to arrange $6-billion loan package for Yugoslavia.

JAN. 23–24. Emergency meeting of Organization of Petroleum Exporting Countries (OPEC) breaks up in disagreement over proposed efforts to halt falling world oil prices; Saudi Arabian Oil Minister Sheik Ahmed Yamani terms session "complete failure."

— IMF approves $2.18-billion loan package for Argentina to cover export deficit; Bank for International Settlements announces $500-million loan to Argentina 1/28.

JAN. 26. White House aides say Reagan will propose boosting Export-Import bank loan guarantee authority by $2 billion to total of $10 billion, and may seek $2.7 billion more in bank's direct lending authority.

JAN. 31. Reagan sends Congress proposed $848.5-billion FY 1984 budget, representing $43.5-billion increase over 1983 spending, with projected deficit of $189 billion.

FEB. 4. Commerce Department rules that 825 Canadian-made subway cars sold to New York City were unfairly subsidized by Canadian government; New York transportation authorities say city is obligated to pay additional duties or penalties; US labor unions drop challenge to sale 2/10 in return for city's commitment not to buy additional foreign-made cars for period of 3 years.

FEB. 7. South Africa lifts several foreign-exchange restrictions, ends 2-tier exchange rate imposed in 1961.

FEB. 10. US officials say Japan has agreed to allow US businesses greater access to its high-technology markets.

FEB. 11. IMF members, meeting in Washington, agree to increase lending resources by 47.4%, bringing basic loan resources to $98.5 billion from $66 billion.

FEB. 14. General Motors announces agreement to produce subcompact cars for US market in joint venture with Toyota Motor Corporation of Japan.

— In 4th-largest bank failure since Great Depression, United American Bank of Knoxville, Tennessee, is declared insolvent.

FEB. 15. Japan announces extension of voluntary restraints on car exports for third year.

FEB. 18. British National Oil Corp. cuts North Sea oil prices by $3/bbl to $30.50; Nigeria on 2/19 cuts price from $35.50 to $30; OPEC nations hold emergency meetings 2/20–2/25 to prevent pricing war; Reagan hails price cuts 2/24 as spur to economic recovery.

— Brazil, in effort to halt balance-of-payments slump, devalues cruzeiro 23%; requests delay in payments on $1.2-billion in foreign loans 2/22.

FEB. 21. Venezuela suspends all foreign exchange transactions; announces new foreign exchange controls that set multiple exchange rates 2/28.

— World Bank approves $302.3-million loan to Philippines.

FEB. 24. Mexico reaches agreement with IMF, international banks on $5-billion loan.

FEB. 25. US Trade Representative William Brock rejects complaint filed by 8 US steel firms charging Japanese steelmakers with unfair trade practices.

— Panel of General Agreement on Tariffs and Trade (GATT) rejects US charges that European Community subsidies for wheat production are unfair; US says decision impugns GATT arbitration system.

FEB. 28. In its largest lending commitment ever, IMF approves $5.4-billion loan to Brazil.

MAR. 7. Argentina suspends payments on $1.4 billion in private foreign debt.

MAR. 10. US claims exclusive economic rights over 200-mile coastal zone.

MAR. 14. OPEC negotiators in London agree to reduce prices 15%, limit total OPEC production to 17.5 million bbl/day through 12/83.

MAR. 16. Mexico lifts special peso exchange rate imposed 12/82 on dollar-denominated domestic debts and long-term foreign-currency accounts.

MAR. 18. Indonesia announces agreement with 56-bank consortium on new $1-billion loan.

MAR. 21. Eight Common Market countries of European Monetary System realign currencies: Netherlands, Denmark, Belgium, Luxembourg and West Germany revalue upward; France, Ireland and Italy devalue currencies.

MAR. 23. Chile announces emergency economic program, devalues peso, raises tariffs and taxes.

MAR. 30. British National Oil Company proposes North Sea oil price cuts of $.50–.75/bbl.

MAY 5. American Motors Corp. and China sign agreement on joint production of jeeps at Beijing plant.

MAY 9–10. Organization for Economic Cooperation and Development holds ministerial meeting on economic policies in Paris; final communiqué urges measures to increase output, employment, reduce protectionist trade barriers.

MAY 11. Bolivia announces agreement with creditors on rescheduling of estimated $3-billion foreign debt.

MAY 13. Bank for International Settlements approves short-term $350-million loan to Chile.

MAY 28–30. Reagan hosts heads of 7 Western industrial democracies at conference on economics and nuclear arms in Williamsburg, Va.

JUNE 29. Mexico announces agreement with 16 international banks on rescheduling of $2-billion debt.

JUNE 30. Japan says it will not extend voluntary car-export restraints beyond 3/84.

— Peru signs agreement with international banks on $830-million loan package.

JULY 5. Reagan announces series of new steps to protect US specialty steel producers from foreign competition.

JULY 11. IMF approves $616-million loan to South Korea.

JULY 18–19. OPEC holds regular ministerial meeting in Helsinki, Finland; representatives endorse 3/15 agreements.

JULY 26. IMF approves $167-million standby credit to Ecuador.

— Peru reaches agreement at meeting of Paris Club of creditor nations to reschedule approximately $1-billion in foreign debt.

JULY 29. Chile announces agreement with international bankers on new $1.3-billion loan as part of rescheduling arrangement on $3.4 billion in 1984 debt payments.

JULY 29–AUG. 1. US and allies intervene in world currency markets to slow dollar's sharp rise in value against other major currencies.

JULY 30. Uruguay reportedly reaches agreement with international bank creditors on new $240-million loan, rescheduling of $629 million in short-term debt due in 1984.

JULY 31. US confirms initialing of new 5-year US-Chinese agreement on Chinese textile exports.

AUG. 9. IMF approves $480-million standby credit for Portugal in return for broad series of austerity measures.

AUG. 16. Argentina reaches agreement with international banks on new $1.5-billion loan.

AUG. 18. Polish officials and Western banks announce agreement to reschedule $2.6 billion in debt payments due in 1983.

AUG. 25. IMF approves $14.1-million loan to Grenada.

AUG. 26. Mexico reaches agreement with international bankers to reschedule $11.4 billion in debt due by end of 1984.

SEPT. 1. IMF approves $120.5-million standby credit for Guatemala.

SEPT. 9. Yugoslavia and foreign creditors sign a credit agreement on $600-million loan as key to broader $4.5-billion debt-refinancing package.

— Costa Rica reaches agreement with international banks to reschedule $630 million in 1984 debt.

SEPT. 16. International banks agree to extend deadline for $300-million Argentine loan payment in order to avoid default; move comes following revision of Argentine bankruptcy laws to enhance position of international creditors.

SEPT. 19. Federal grand jury returns 51-count indictment against Swiss-based Marc Rich & Co. AG, accusing firm of evading approximately $48 million in US taxes.

SEPT. 26. IMF announces agreement on $11-billion loan package to Brazil in return for new austerity measures.

SEPT. 27–30. IMF and World Bank hold annual joint meeting in Washington, DC; IMF authorities say Fund's commitments will exceed resources by $6 billion by end of 1983.

SEPT. 27. Reagan urges Congress to pass $8.4-billion rise in US IMF quota.

SEPT. 29. Federal Deposit Insurance Corporation releases data showing nearly 600 US banks are in danger of failing, largest number in history.

OCT. 6. IBM Corporation announces settlement of civil suit against Hitachi Ltd. for stealing IBM technological secrets.

NOV. 1. Japan announces extension of voluntary curbs on automobile exports to US which will allow export of 1.85 million cars from 4/84 to 4/85.

NOV. 3. Over Administration objections, House of Representatives approves [219–199] "domestic content" bill requiring foreign car manufacturers to use certain percentage of US parts and labor in cars exported to US.

NOV. 10. Japan agrees to measures to strengthen yen against dollar in effort to reduce $20-billion yearly US trade deficit to Japan; Japanese agree to permit market for futures transactions.

NOV. 16. Philippines announces agreement with IMF on new $630-million loan.

NOV. 18. Congress approves $8.4-billion increase in US contribution to IMF.

NOV. 23. Jamaican Prime Minister Edward Seaga announces devaluation of Jamaican dollar as part of new IMF loan agreement; on 11/25 asks that Parliament be dissolved, new elections held 12/15.

NOV. 30. White House spokesman Larry Speakes chastises chief Reagan economic adviser Martin Feldstein for economic policy remarks; Feldstein reiterates support for Reagan policy, but also stresses need for tax increases.

DEC. 15. Argentina asks foreign creditors for 6-month deferment on refinancing of $12 billion in debt.

DEC. 16. US announces new guidelines restricting flow of textile imports.

DEC. 22. Federal Trade Commission approves proposal by General Motors and Toyota Motor Corporation for joint production of small cars at California plant.

WESTERN EUROPE AND CANADA

JAN. 1. UK imposes ban on commercial fishing by Denmark in coastal North Sea waters; Danish trawlers challenge ban and are detained by British navy 1/6.

JAN. 5. France bans Corsican National Liberation Front, group allegedly responsible for sharp upsurge in separatist terrorism.

JAN. 6. UK Prime Minister Margaret Thatcher reshuffles Cabinet in anticipation of new general elections.

JAN. 8–12. Thatcher makes surprise visit to Falkland Islands to "pay tribute to those who liberated the islands" from Argentina in spring of 1982.

JAN. 18. Official committee of inquiry clears Thatcher government of blame for failure to prevent Argentine capture of Falkland Islands 4/2/82.

JAN. 20. French President François Mitterrand, in Bonn, warns of Soviet threat to Europe, reaffirms French support for Western allies; West German Chancellor Helmut Kohl, in Paris, responds by stressing German commitment to Atlantic community.

JAN. 21. Two top officials of Ireland's Fianna Fáil Party resign after admitting to wiretaps of political conversations during tenure of former Prime Minister Charles J. Haughey; Haughey retains party leadership at party conference 1/27 despite scandal.

JAN. 23. Leaders of 6 European Socialist governments, meeting in Paris, urge attention to economic crisis, arms control.

JAN. 24. 32 accused Red Brigades members receive life prison terms for 1978 kidnapping and murder of former Italian Prime Minister Aldo Moro.

— Walkout by water and sewage-disposal workers in UK leaves large areas without drinking water; crisis ended by agreement on new wage package 2/22.

JAN. 25. European Economic Community reaches agreement on Common Fisheries Policy, resolving years of dispute.

JAN. 27. Canadian National Energy Board, citing need for diversified markets, authorizes large new shipments of natural gas to Japan, denying requests from US importers.

JAN. 28. France announces deployment of 9 new S-3 nuclear ballistic missiles.

JAN. 29. Canadian opposition leader Joe Clark, failing to win vote of confidence at party convention, agrees to new party leadership convention; Clark resigns post as head of Progressive Conservative party, is replaced by Erik Nielsen 2/2.

FEB. 2. Spanish Cabinet approves legislation permitting abortion in certain circumstances; Spanish Catholic Church denounces move as "totally unacceptable."

FEB. 4. Portuguese President Antonio Ramalho Eanes dissolves Parliament, sets new general elections 4/25.

— Former Gestapo chief Klaus Barbie, arrested in Bolivia 1/25, is expelled by Bolivian government and flown to France for trial on war crime charges; US on 8/16 admits helping Barbie escape from postwar Europe in return for intelligence information.

— France announces sale of 29 Mirage F-1 warplanes to Iraq.

FEB. 10. General Synod of Church of England rejects proposed call for unilateral British nuclear disarmament, but endorses policy of no first use of nuclear weapons in Europe.

FEB. 13. Greek Cypriot leader Spyros Kyprianou is reelected president of Cyprus in national elections 2/13; sworn in 2/14.

FEB. 18. Spanish Union of Democratic Center votes to disband in wake of overwhelming defeat in 10/82 elections.

FEB. 24. Greek Prime Minister Andreas Papandreou and Soviet Prime Minister Nikolai A. Tikhonov, in Greece, issue joint communiqué calling for nuclear-free zones and "limitation of armed forces at lowest possible level."

FEB. 26. Portuguese Prime Minister Francisco Pinto Balsemão resigns as head of Social Democratic Party.

FEB. 26–MAR. 7. British Queen Elizabeth II visits US.

MAR. 6. Christian Democrats led by Chancellor Kohl win 244 seats in 498-member West German Bundestag; opposition Social Democrats, in major defeat, win only 193 seats; new Green Party wins 27 seats.

MAR. 6 & 23. Conservative and moderate opposition parties gain against Socialist and

Communist parties in French national municipal elections; Socialist and Communist parties lose total of 30 mayoralties.

MAR. 20–21. Finnish Social Democrats gain 5 new seats in national elections for 200-member Parliament.

MAR. 21–22. Leaders of European Community nations meet in Brussels; joint communiqué emphasizes agricultural policy, endorses Reagan 9/1/82 Mideast peace plan.

MAR. 25. France announces new series of austerity measures, including restrictions on credit and foreign exchange, new consumer taxes.

APR. 5. France expels 47 Soviet diplomats and other Soviet citizens on espionage charges.

APR. 22. West German weekly *Stern* says it will publish 60-volume diary allegedly written by Adolf Hitler; diaries exposed by West German Interior Ministry investigation as forgeries 5/6; *Stern*'s 2 chief editors resign 5/7.

APR. 23. Conservative Independence Party wins additional seat in elections for Iceland's 60-member Parliament; recently formed New Social Democrats gain 4 seats; center-right coalition of Independence Party and Progressive Party forms government under Progressive Party leader Steingrímur Hermannsson 5/26.

APR. 24. Austrian Socialist party loses 5 parliamentary seats in national elections, forcing it to join coalition with small Freedom Party; Socialist leader Chancellor Bruno Kreisky announces intention to resign; party chooses Education Minister Fred Sinowatz as Chancellor-elect 4/25.

APR. 25. Greece, objecting to pro-Turkish comments reportedly made by US Assistant Secretary of State for European Affairs Richard Burt in Ankara 4/24, downgrades Burt's scheduled visit to Greece; US cancels Burt trip to Greece.

— Socialist party of former Prime Minister Mário Soares gains 36% of vote in Portuguese general elections; Soares sworn in as Prime Minister 6/9 at head of new coalition government including Socialist Party and Social Democratic Party.

APR. 29. Italian Prime Minister Amintore Fanfani resigns; President Sandro Pertini dissolves Parliament 5/4; national elections set for 6/26–6/27.

MAY 13. UN General Assembly calls [103–5–20] for withdrawal of "all occupation forces" from Cyprus; Turkish Cypriot leaders, responding to UN move, say they may declare independent state in northern Cyprus.

MAY 17. Austrian Chancellor Kreisky formally resigns; Sinowatz sworn in as Chancellor 5/24.

MAY 28. Reagan hosts head of 7 Western industrial democracies at summit conference on economics and nuclear arms in Williamsburg, VA.

JUNE 8. Norwegian Conservative Party, Christian People's Party and Center Party form new majority coalition government under Prime Minister Kaare Willoch.

JUNE 9. Conservative Party led by Prime Minister Thatcher wins 347 parliamentary seats in British general elections; Labour Party takes 209 seats, Liberal-Social Democratic alliance wins 23 seats.

JUNE 11. British Prime Minister Thatcher names Sir Geoffrey Howe to replace Foreign Secretary Francis Pym.

— Canadian Progressive Conservative Party elects Brian Mulroney to replace former Prime Minister Clark as party leader.

JUNE 24–JULY 7. Vice President Bush visits West Germany, UK, Norway, Finland, Sweden, Finland, Denmark, Iceland and Ireland; defends US policies in Central America, NATO missile deployment plans.

JUNE 26–27. Italian Christian Democrats, Communists lose ground in national elections as Socialists, Republicans advance; Socialist leader Bettino Craxi forms 5-party coalition; is sworn in as new Prime Minister, names Cabinet 8/4.

JULY 15. US and Greece reach agreement permitting US to maintain four major bases on Greek soil for 5 more years, and binding US to maintain current Greece-Turkey balance of military power; agreement is signed 9/8.

SEPT. 11. Annual conference of British Social Democratic Party votes to continue close cooperation with Liberal Party, but rejects formal merger.

SEPT. 12. Canada expels two Soviet diplomats on espionage charges.

SEPT. 25. Thirty-eight Irish nationalist terrorists escape from maximum security Maze prison in Belfast, killing one guard and wounding others.

OCT. 2. Neil Kinnock wins election as head of British Labour Party at annual party conference in Brighton.

OCT. 5. UK Cabinet member Cecil Parkinson resigns following scandal over his affair with his former secretary, Sara Keays; Thatcher names Secretary of Employment Norman Tebbit to replace Parkinson 10/16.

— Spanish Army Captain Alberto Martin Barrios is kidnapped by Basque terrorists, provoking widespread public reaction; found murdered 10/19; demonstrations against killing attract estimated one million people throughout Spain 10/21.

Nov. 15. Leaders of Turkish Cypriots declare independent state in northern section of island; Greece, Greek Cypriot government condemn move; Turkey recognizes new nation; US, UK and others denounce declaration.

— US Navy Capt. George Tsantes and driver are murdered in Athens; "November-17" terrorist group claims responsibility; ballistics evidence ties attack to 1975 killing of CIA station chief Richard Welch in Athens.

Nov. 16. UN General Assembly adopts resolution [87–9–54] urging UK and Argentina to negotiate peaceful solution to "sovereignty dispute" over Falkland Islands.

Nov. 29. West German prosecutors accuse Economics Minister Otto Lambsdorff of accepting bribes from major German industrial firm; Lambsdorff denies charges 11/30; Bundestag, with Lambsdorff's consent, votes to strip him of immunity from prosecution 12/2.

Dec. 17. Car bomb set by Irish Republican Army kills 5 persons and wounds 77 during Christmas rush at Harrods department store in London; IRA leadership says bombing was unauthorized 12/18.

THE SOVIET UNION AND EASTERN EUROPE

Jan. 3. New officially sanctioned trade unions, authorized 10/8/82 as replacement for banned Solidarity union, come into existence in Poland.

Jan. 4. Warsaw Pact leaders open 2-day summit in Prague, marking first major Pact meeting under guidance of new Soviet leader Yuri V. Andropov.

Jan. 12. Former Soviet President Nikolai V. Podgorny dies at age 79.

Jan. 14. Soviet dissident Anatoly Shcharansky reportedly ends fast begun 9/27/82 to protest denial of prison mail; Andropov assures French Communist leaders Shcharansky is in "satisfactory" health 1/24.

Jan. 17. Former Solidarity trade union leader Lech Walesa, twice denied documents to return to former shipyard job, threatens lawsuit to regain employment; Lenin shipyard on 1/26 says Walesa was returned to payroll 1/17, but will not be assigned to former post.

Jan. 19. USSR threatens dissident Marxist Roy A. Medvedev with criminal prosecution for political activities.

Jan. 20. Yugoslavia accuses Albania of "flagrantly" interfering in its affairs by supporting ethnic Albanian dissidents in southern Yugoslavia.

Jan. 23. USSR releases economic figures confirming 2.6% growth in national income during 1982, smallest increase since WWII.

Jan. 31. Andropov makes highly publicized visit to Moscow machine-tool factory, urges discipline, higher productivity, hints at consumer price increases; USSR officially raises prices on several hundred consumer goods by as much as 30%.

Feb. 10. USSR withdraws from World Psychiatric Association to avoid possible expulsion over alleged Soviet use of psychiatry for political purposes.

Feb. 23. Andropov, in Communist Party journal *Kommunist*, denounces corruption, absenteeism, urges new incentive systems to improve Soviet economic productivity.

Mar. 13–14. Police break up illegal rally by 2,000 Poles in Gdansk.

Mar. 17. Soviet officials say a "substantial détente" has been reached with China.

Mar. 24. Foreign Minster Andrei A. Gromyko is named to additional post as First Deputy Prime Minister of USSR.

May 1. Thousands of people participate in demonstrations across Poland on behalf of banned Solidarity trade union.

June 4. USSR expels US attaché for spying.

June 16. Supreme Soviet elects Andropov President of USSR.

June 16–23. Pope John Paul II visits Poland; meets with Gen. Wojciech Jaruzelski 6/17, Solidarity union leader Walesa 6/23.

June 21. Czechoslovakian police break up major anti-government protest rally in Prague.

JULY 20. Polish Parliament grants government broad new powers of arrest and detention; government ends official state of martial law 7/21.

AUG. 19. Polish government dissolves Polish Union of Writers.

AUG. 31. Demonstrations planned to mark third anniversary of founding of Solidarity trade union draw only lukewarm response in across Poland.

SEPT. 11. USSR announces expulsion of US diplomat and wife on charges of spying; US protests physical mistreatment of couple 9/12.

OCT. 5. Polish union leader Walesa is awarded Nobel Peace Prize for efforts "to solve his country's problems through negotiation and cooperation without resorting to violence"; Walesa says he will donate prize money to charity for Polish farmers; Polish government denounces prize 10/6 as element of "propaganda aggression" against Poland.

NOV. 7. Andropov, reportedly bedridden with "bad cold," fails to attend annual parade marking anniversary of Bolshevik revolution, reinforcing speculation that he is seriously ill; Chernenko takes his place in reviewing stand.

NOV. 12. Polish government announces plans to raise some food prices by as much as 50% in early 1984.

NOV. 21–22. In two-day session, Polish Parliament broadens powers of Gen. Jaruzelski; Jaruzelski resigns post of Defense Minister, is named Chairman of new National Defense Committee.

DEC. 26. Andropov fails to appear at meeting of Soviet Communist Party Central Committee, sends message blaming absence on "temporary causes"; meeting unanimously endorses Andropov's leadership 12/27; Andropov absent from opening of Supreme Soviet 12/28.

EAST-WEST RELATIONS

JAN. 1. In most complete statement of Soviet views since advent of Reagan Administration, USSR Communist Party newspaper *Pravda* blames deadlocked strategic arms talks on US attempts to achieve military superiority; US terms statement a "negotiating ploy" 1/2.

— President François Mitterrand announces program to bolster French nuclear forces.

JAN. 3. Reagan names bipartisan commission to review deadlocked issues surrounding proposed MX strategic missile.

JAN. 5. Warsaw Pact leaders, meeting in Prague, offer to conclude non-aggression pact with West.

JAN. 8. In report to Joint Economic Committee of Congress, Central Intelligence Agency (CIA) concludes that USSR's ability to live without imports is greater than virtually any other industrialized country.

JAN. 12. Navy Petty Officer Brian P. Horton is sentenced to 6 years at hard labor for attempting to sell US military secrets to USSR.

JAN. 15. Administration officials say US negotiator Paul H. Nitze and Soviet negotiator Yuli A. Kvitsinsky negotiated informal agreement 7/82 to limit medium-range missiles in Europe, but that both Washington and Moscow rejected its terms.

JAN. 19. Reagan, concerned over declining West European support, establishes Cabinet-level committee to rebuild backing, particularly for military strategy, in Europe.

JAN. 27. US-Soviet talks on intermediate-range nuclear forces (INF) in Europe resume in Geneva; US negotiators stress "zero option" package, but emphasize flexibility of US position.

— USSR proposes establishment of 90-mile-wide nuclear-free zone in Central Europe; US rejects plan as "not realistic or effective."

JAN. 30–FEB. 10. Vice President George Bush visits Europe to round up support for US INF proposals; trip includes West Germany 1/30–1/31, Netherlands 2/1, Belgium 2/2–2/3, Switzerland 2/4, Italy 2/5–2/7, France 2/8, England 2/9.

FEB. 2. US and USSR open third round of Strategic Arms Reduction Talks (START) in Geneva.

FEB. 8. USSR reportedly test-fires new intercontinental ballistic missile (ICBM).

— Conference on Security and Cooperation in Europe resumes in Madrid.

FEB. 10. US and Canada reach agreement allowing US to test cruise missiles in northern Alberta.

FEB. 11. USSR expresses willingness to discuss on-site monitoring of Soviet civilian nuclear power facilities by UN inspectors.

FEB. 14. US Navy says Soviet warships recently sailed within 50 miles of US gulf coast, closest approach since Soviet Caribbean patrols began in 1969.

— State Department report says USSR maintains system of 4 million forced laborers, including 10,000 religious and political prisoners.

FEB. 24. US and Spain sign protocol on military cooperation annulling sections of 1982 treaty opposed by Spain's new Socialist government.

FEB. 25. West Germany denounces "unprecedented" Soviet attempts to influence West Germany popular opinion before 3/6 elections.

MAR. 2. Italian press reports say 8 persons, including 4 Bulgarians, are suspected by Italian police of having plotted to kill Polish union leader Lech Walesa during 1/81 visit to Rome; Bulgarian authorities deny charges.

MAR. 8. Speaking to group of evangelical Christians in Orlando, Fla., Reagan refers to USSR as "evil empire" which acts as "focus of evil in modern world"; Soviet press reports denounce speech 3/9, say Reagan exhibits "pathological hatred of Socialism and Communism."

MAR. 9. Secretary of State Caspar W. Weinberger releases updated booklet *Soviet Military Power,* says US has "begun to catch up" with Soviet military buildup.

MAR. 10. USSR expels US diplomat in Moscow for alleged spy activities.

— Soviet official in Washington says USSR may be willing to consider on-site arms control verification procedures in certain cases.

MAR. 23. Reagan, in national address, challenges US scientists to develop effective anti-ballistic missile defense to counter Soviet nuclear threat; Andropov 3/26 says Reagan's ABM program is attempt "to disarm the Soviet Union"; Reagan 3/29 suggests possibility of future US-Soviet ABM cooperation in order to encourage elimination of offensive nuclear weapons.

— NATO defense ministers reaffirm plans to deploy new US intermediate-range nuclear missiles if no new arms limitation accord is reached by 12/83.

MAR. 25. US Federal Bureau of Investigation report discounts alleged Soviet influence in US nuclear freeze movement.

MAR. 30. Reagan offers to reduce planned NATO missile deployments in exchange for reduction of existing Soviet forces in Europe and Far East; Soviet Foreign Minister Andrei Gromyko rejects proposal as "unacceptable" 4/2.

APR. 11. Scowcroft Commission releases report recommending production of 100 MX missiles to be based in existing Minuteman III missile silos, new emphasis on restraining nuclear warhead totals, construction of new small strategic missile carrying only 1 warhead.

APR. 22. Reagan ends ban on negotiations with USSR regarding long-term purchases of US grain; USSR agrees 5/16 to reopen talks.

APR. 26. Sweden says Soviet submarines repeatedly violated Swedish waters in 10/82; recalls ambassador to USSR; Soviet press denies incursions 4/27.

APR. 27. Andropov calls for international ban on space weapons.

MAY 2. In joint letters to Reagan, bipartisan congressional group says it will support MX missile funding only if program is paired with broad new arms control efforts.

— Congressional Budget Office study predicts that only 10% of MX missiles would survive Soviet attack if placed in existing Minuteman missile silos as recommended by 4/11 Scowcroft Commission report.

MAY 3. US Roman Catholic bishops release pastoral letter deploring danger of nuclear war, urging followers to halt production of nuclear arms.

MAY 4. After heated debate, House of Representatives passes [278–149] nonbinding resolution urging mutual US-Soviet freeze on nuclear weapons production.

MAY 9. Soviet press reports say Communist Party leader Andropov has assumed chairmanship of national Defense Council.

MAY 11–12. Reagan assures House and Senate leaders he will consider wide range of arms-control initiatives, endorses "build-down" arms-control proposal; in response, House [239–186] 5/24 and Senate [59–39] 5/25 approve release of funds for research and development of MX missile.

MAY 18, 23. Veteran Moscow Radio announcer Vladimir Danchev criticizes Soviet military involvement in Afghanistan; program officials term broadcasts as "personal mistake" by Danchev 5/24; Danchev is fired 5/28, reportedly committed to psychiatric hospital 6/22.

MAY 31. Panel of US scientists asserts that US evidence of Soviet chemical-warfare use in Laos and Thailand may be insect excrement; State Department rejects theory 6/1.

JUNE 4. USSR expels US diplomat Louis Thomas on espionage charges.

JUNE 6. Andropov reiterates Soviet proposal for nuclear-weapons-free zone in northern Europe.

JUNE 8. Reagan stresses flexibility in US START negotiating posture, offers relaxation of 850-missile ICBM limit, less emphasis on restricting missile payload capacity.

JUNE 17. First test launch of US MX missile succeeds.

JUNE 21. Senate Foreign Relations Committee releases letter from ACDA Director Adelman saying US will proceed with MX missile deployments unless USSR agrees to "forgo their heavy and medium ICBMs"; Democratic congressional leaders denounce statement as one-sided and non-negotiable 6/22.

JUNE 26. USSR grants exit visas to 7 Russian Pentecostals who had been living in US Embassy since 1978 in bid to emigrate.

JULY 8. Turkish terrorist Mehmet Ali Agca says KGB, Bulgarian intelligence services aided his 1981 attempt to kill Pope John Paul II.

JULY 14. US-Soviet negotiations on reducing intermediate-range missiles in Europe adjourn with no apparent progress; resumption of talks set for 9/6.

JULY 20. House, approving spending bill, rejects efforts to kill MX missile production [220–207]; Senate 7/26 approves MX production funds, killing anti-MX appropriations amendment [58–41].

JULY 28. US and USSR reach agreement committing USSR to buy 9–12 million metric tons of US grain each year for next 5 years; pact signed in Moscow 8/25.

AUG. 2. Senate Foreign Relations Committee votes [9–8–0] to delay further action on proposed US-Soviet freeze on nuclear weapons production and testing.

AUG. 10. US says Soviet nuclear-powered submarine sank in North Pacific 6/83, killing all or most of 90 crewmen aboard; Soviets reportedly have undertaken complex salvage effort.

AUG. 18. Sixteen-year-old son of Soviet diplomat voluntarily leaves Washington for Moscow after initially asking for asylum from US, prompting US-Soviet diplomatic confrontation.

AUG. 20. Reagan ends controls on sale of US gas pipeline equipment to USSR.

AUG. 26. USSR offers to "liquidate" missiles withdrawn from Europe as part of "mutually acceptable" INF agreement; US and European governments welcome Soviet offer, but reject Soviet insistence on counting UK and French nuclear forces in Western total.

SEPT. 1. USSR shoots down Korean Air Lines Boeing 747 passenger plane after it strays into Soviet airspace, killing all 269 persons aboard; US denounces "horrifying act of violence;" USSR on 9/2 acknowledges intrusion by unidentified airplane, on 9/3 accuses US of "provocation," on 9/6 admits "stopping" plane, claiming it was on espionage mission.

SEPT. 8. Soviet Foreign Minister Gromyko meets with Secretary of State George P. Shultz in Madrid; Shultz terms Soviet response to downing of Korean airliner "totally unacceptable."

SEPT. 9. Several NATO countries, Switzerland, Finland and Japan announce two-week ban on civilians flights to and from USSR in protest against 9/1 downing of Korean airliner.

SEPT. 12. USSR vetoes UN Security Council (UNSC) resolution [9–2–4] condeming Soviet attack on Korean airliner.

SEPT. 13. Senate passes [83–8] $187.5-billion FY 1984 defense authorization bill, including funds for initial production of MX missile, B-1 bomber, and binary nerve gas weapons; House approves [266–152] measure on 9/15; Reagan signs bill 9/24.

SEPT. 15. Governors of New York and New Jersey, citing Korean plane incident and security concerns, refuse to permit landing at New York area airports of Soviet delegation including Foreign Minister Gromyko, scheduled to attend UN General Assembly opening; USSR announces cancellation of visit 9/17, accuses US of violating UN host-country obligations.

SEPT. 19. US delegate Charles Lichenstein, responding to criticism regarding governors' 9/15 actions, invites UN members "seriously to consider removing themselves and this organization from the 'soil of the United States"; Reagan defends Lichenstein statement 9/21.

SEPT. 20. Senate Foreign Relations Committee votes [10–7–0] to reject resolution calling for mutual US-Soviet freeze on nuclear weapons.

SEPT. 26. Reagan, in speech to UN, announces new US INF proposal stressing "global limits" on INF forces, discussions on limits for aircraft as well as missiles, and possible US reduction of planned Pershing II missile deployment.

SEPT. 28. In strongly worded statement, Andropov denounces "militarist course" of Reagan Adminstration, dismisses 9/26 Reagan offer as one-sided.

OCT. 4. In television address, Reagan outlines new strategic arms reduction proposal, based on "mutual guaranteed build-down"; USSR dismisses proposal as vague and unworkable 10/5.

OCT. 15–16. Gromyko and West German Foreign Minister Hans-Dietrich Genscher meet in Vienna in effort to break deadlock on INF negotiations; talks end without new progress.

OCT. 22–23. Demonstrations in West European capitals draw an estimated two million people protesting against planned NATO missile deployments; rallies in some 140 US cities draw only moderate attendance.

OCT. 26. Andropov offers new concessions in INF talks, warning that actual NATO deployment will "make continuation of the present talks in Geneva impossible"; US dismisses proposals as "vague."

OCT. 31. Senate votes [58–40] to table bill calling for mutual US-Soviet freeze on nuclear weapons. Senate Appropriations Committee votes 14–12 against funds for binary nerve gas weapons.

OCT. 31–NOV. 1. International scientific conference, held in Washington, DC, to discuss effects of nuclear war, hears studies suggesting that even limited nuclear war could produce extended "nuclear winter" leading to possible extinction of human life.

NOV. 2. White House, citing modest improvement in Polish human rights situation, says it will permit Poland to discuss resumption of fishing rights in US waters, rescheduling of Polish debt; Poland denounces move as "inadequate," terms continued US sanctions "inadmissible."

NOV. 8. Senate votes [47–46] to approve funding of binary nerve gas weapons.

— Assembly of French Roman Catholic bishops endorses nuclear deterrence as necessary "service to peace."

NOV. 14. First cruise missiles scheduled for NATO deployment arrive at air base in England.

NOV. 16. Italian Chamber of Deputies endorses [351–291–1] plan for NATO deployments of new US nuclear missiles.

NOV. 18. West German Chancellor Kohl says Soviet INF negotiators have made informal offer to halve Soviet SS-20 arsenal in return for cancellation of planned NATO INF deployment; US rejects offer as inadequate; USSR denies making offer 11/21.

— Congress approves [H311-99, S75-6] $249.8-billion military appropriations bill for FY 1984, including funds for initial production of MX missile and B-1 bomber, but rejecting renewed nerve gas production.

— CIA report released by Joint Economic Committee of Congress says Soviet arms spending grew at much slower rate in last 7 years than in previous decade.

NOV. 20. ABC-TV broadcasts controversial nuclear-war film, "The Day After," provoking broad debate in US and Western Europe.

NOV. 22. After two-day debate, West German Parliament approves [286–226–1] new NATO missile deployments.

— Norwegian Parliament endorses [78–77] NATO deployment of new US nuclear missiles.

NOV. 23. USSR walks out of INF negotiations in protest of new NATO deployments; US calls action "unfortunate" and "unjustified."

NOV. 24. USSR ends voluntary moratorium on deployment of SS-20 missiles, announces plans for stepped-up deployment of new land- and sea-based missiles aimed at West European targets; US is "dismayed" by announcement.

NOV. 25. Romanian Communist Party denounces both NATO missile deployment plan and USSR's 11/24 reaction.

DEC. 8. Fifth session of START negotiations ends in Geneva; Soviet delegates, citing need for "reexamination" of policy in wake of NATO missile deployments, refuse to set date for resumption of talks.

DEC. 13. International Civil Aviation Organization draft report rejects Soviet assertion that Korean airliner downed 9/1 was on spy mission.

— US signs accord giving Portugal at least $145 million per year through 1991 in return for renewal of military basing rights in Azores.

DEC. 15. Warsaw Pact nations refuse to set date for resumption of Mutual and Balanced Force Reduction talks upon adjournment in Vienna, effectively breaking off negotiations; NATO delegation regrets move.

DEC. 30. West Germany says first 9 of 108 Pershing II intermediate-range nuclear missiles to be deployed in that country under NATO plan are now operational.

MIDDLE EAST AND SOUTH ASIA

GENERAL

JAN. 4. Saudi Arabia cancels planned visit by UK Foreign Secretary Francis Pym in retaliation for London's 12/82 refusal to receive Arab delegation which included members of Palestine Liberation Organization (PLO); UK cancels Pym tour 1/5.

JAN. 17. Week-long meeting of radical PLO factions in Tripoli, Libya, ends with rejection of Reagan 9/1/82 plan and other peace initiatives, issues call for continuation of armed struggle against Israel.

— Former Presidents Jimmy Carter and Gerald R. Ford, in *Reader's Digest* article, denounce Israeli settlement policies as "major obstacle" to peace, urge resolution of Palestinian issues under Camp David framework.

— US intelligence officials say Soviet Union has supplied Syria with new long-range SA-5 ground-to-air missiles, sharply increasing Syrian air defense capabilities, and marking first deployment of such missiles outside USSR.

— Israeli Defense Minister Ariel Sharon visits Zaire for talks on increased Zaire-Israel security ties; Zairian President Mobutu Sese Seko announces 5-year military cooperation agreement between the two nations 1/19.

JAN. 18. UN Security Council votes [13–0–2] to extend term of UN peacekeeping forces in southern Lebanon for additional six months.

JAN. 20. Israeli authorities fire 34 West Bank university instructors for refusal to sign pledge not to support PLO.

JAN. 23. Lebanon agrees to accept UN or other multinational peacekeeping troops to man early-warning stations in southern Lebanon demanded by Israel as part of Israeli withdrawal; Israel dismisses plan as unacceptable; US says 1/24 it is "extremely concerned" over slow pace of withdrawal talks.

JAN. 25. Israel orders its troops in Lebanon to avoid contact with US peacekeeping forces in order to stem growing US-Israeli frictions in area.

JAN. 27. Egyptian President Hosni Mubarak, meeting with Reagan in Washington, urges Israeli withdrawal from Lebanon as "top priority" in Middle East.

FEB. 2. Confrontations between US and Israeli forces in Beirut continue as US Marine draws pistol in effort to force withdrawal of 3 Israeli tanks from US guard post; Israel terms confrontation "non-event" 2/3, suggests Marine was drunk; US emphatically rejects Israeli contention 2/4; US and Israel agree to formal demarcation of boundaries in area.

FEB. 4. France reportedly agrees to sell 29 advanced Mirage F-1 combat planes to Iraq.

FEB. 6. Iran pays $26.4 million to Chemical Bank to settle longstanding claims as part of 1981 hostage-release agreement.

FEB. 7. Iranian authorities arrest communist Tudeh party head Nureddin Kianuri and others on charges of spying for USSR.

— Iran attacks Iraq's Misan province in invasion described as largest operation of war; Iraq claims invasion halted 2/8.

FEB. 8. Israeli commission of inquiry investigating 9/82 massacres of Palestinian refugees in Beirut releases report recommending dismissal or censure of several top officers, including Defense Minister Sharon; Cabinet votes (16–1) to accept commission's findings 2/10; Sharon resigns 2/11, but accepts Prime Minister Menachem Begin's offer to remain in Cabinet as minister without portfolio.

FEB. 9. US rejects Israeli terms for sharing military information gained during 1982 Lebanon invasion.

FEB. 14. Begin names former Ambassador to US Moshe Arens to succeed Sharon as Israeli Defense Minister; Arens is confirmed by Knesset 2/23.

FEB. 15. Lebanese regular army takes complete control of Beirut for first time in 8 years as Christian militias withdraw.

FEB. 21. Palestine National Council, meeting in Algiers, rejects 9/1/82 Reagan peace plan, reconfirms PLO as sole diplomatic representative of Palestinian people.

FEB. 22. Reagan urges Syrian, PLO and Israeli withdrawal from Lebanon, offers to guarantee security of Israel's northern border.

MAR. 1. Former President Jimmy Carter begins 18-day trip to Egypt, Israel, Jordan, Syria and Saudi Arabia; heckled by Arab demonstrators during 3/11 visit to Israeli-occupied Gaza strip; in Jordan 3/14 terms Israeli settlements on West Bank an "obstacle to peace."

— UN Commission on Human Rights releases report estimating occurrence of up to 20,000 executions in Iran since 1979 revolution.

MAR. 2. Iraqi attack against Iranian offshore oil facility causes Persian Gulf's worst oil spill, covering estimated 12,000-square-mile area.

MAR. 5. Three Palestinians are sentenced by British court to 30–35 years in prison for 6/82 shooting of Israeli Ambassador Shlomo Argov in London.

MAR. 13–14. Israeli Foreign Minister Yitzhak Shamir meets in Washington with Reagan, Shultz, and other US officials; talks focus on conditions of Israeli withdrawal from Lebanon, security of Israel's northern border.

MAR. 18. Israel assures US its forces have been ordered to avoid incidents with US Marines in Lebanon.

MAR. 21. Hundreds of Palestinian children in the West Bank reportedly succumb to mysterious illness; Palestinian press reports 3/28 charge Israel with poisoning Arab population; official Israeli investigation ascribes symptoms to "psychological and hysterical epidemic" 3/31.

— Israel announces decision to build 15 new military settlements on West Bank.

— Israeli Cabinet votes to share intelligence data from 1982 Lebanon invasion with US.

MAR. 22. Labor Party candidate Chaim Herzog is elected [61–57] president of Israel, succeeding Yitzhak Navon; Herzog sworn in 5/5.

APR. 10. Jordanian King Hussein announces failure to reach agreement with PLO leader Yassir Arafat on joint role under Reagan 9/82 peace plan, says Jordan will not participate in US-sponsored negotiations; Reagan regrets Jordanian position.

APR. 10. Moderate PLO leader Issam Sartawi is assassinated in Lisbon, Portugal; radical Palestinian group claims responsibility.

APR. 16. Iraqi President Saddam Hussein offers to meet with Iranian leader Ayatollah Ruhollah Khomeini in Baghdad in effort to end Iran-Iraq war.

APR. 18. Terrorist bomb damages US Embassy in Beirut, killing 63, including 17 Americans.

APR. 25. USSR and Egypt sign accord on cultural and scientific cooperation.

MAY 4. Lebanon accepts draft agreement for withdrawal of Israeli troops in Lebanon, negotiated with aid of Secretary of State George Shultz; accord recognizes that state of war no longer exists between Israel and Lebanon, requires Israeli Army to withdraw within 8–12 weeks if Syrian and PLO forces also leave country, limits Lebanese military deployments near Israeli border; Israeli Knesset approves pact [57–6–45]; Lebanese Parliament follows suit 5/16; agreement is signed 5/17.

MAY 4. Iran dissolves communist Tudeh Party, charging it with spying for USSR; orders Soviet diplomats to leave country; USSR denounces move 5/5.

MAY 10. In Paris, Shultz reportedly asks USSR to help persuade Syria to withdraw forces from Lebanon.

MAY 13. Syria rejects 5/4 withdrawal agreement "in form and substance."

MAY 17. In response to 5/17 signing of withdrawal agreement, Syria closes land routes, communication channels between Beirut and Syrian-held Lebanon.

MAY 20. US lifts ban on sale of 75 F-16 combat planes to Israel imposed after 6/82 invasion of Lebanon.

MAY 22. PLO leader Arafat reportedly puts down rebellion by 5 PLO officers near Baalbek, Lebanon; Arafat blames rebellion on Libya 5/24.

MAY 26. Up to 2,000 Turkish troops reportedly cross into Iraq in pursuit of Kurdish insurgent bands.

JUNE 1. More than 20 leaders of Al Fatah guerrilla group reportedly join rebellion against PLO Chairman Arafat; anti-Arafat PLO factions overrun 8 positions held by Arafat loyalists in Lebanon 6/21.

JUNE 24. Syrian President Hafez al-Assad expels Arafat from Syria.

JULY 8. Israeli military authorities in West Bank town of Hebron dismiss mayor, other city officials following murder of Jewish student.

JULY 15. Heavy fighting breaks out between Lebanese army and Shi'ite militias in Beirut.

JULY 21. PLO leader Arafat reshuffles military command in conciliatory gesture to rebels, but fighting between PLO factions worsens 7/24.

JULY 23. Lebanese Druze leader Walid Jumblat announces formation of opposition National Salvation Front with former Lebanese President Suleiman Frenjieh and former Prime Minister Rashid Karami; Lebanese President Amin Gemayel discounts importance of coalition 7/24.

AUG. 1. New US special envoy Robert C. McFarlane arrives in Beirut to begin new effort to achieve Syrian withdrawal from Lebanon; meets with Syrian President Assad 8/7.

AUG. 2. Fighting in Lebanon spreads to include six different warring factions, with main conflict between Druze and Christian militias in Shouf mountains.

AUG. 22–26. Liberian leader Samuel K. Doe visits Israel in first such trip by black African leader in 12 years; Israel agrees to provide Liberia with broad range of aid 8/25.

AUG. 28. Israeli Prime Minister Begin announces intention to resign.

AUG. 29. Two US Marines are killed and 14 wounded in Beirut as Lebanese army clashes with Muslim militiamen; 4 French peacekeeping troops are killed 8/31.

AUG. 30. At US request, Israel delays pullback of troops from Lebanon's Shouf Mountains.

SEPT. 1. Reagan orders 2,000-man Marine reinforcement unit into Mediterranean to stand by off Beirut.

SEPT. 3–4. Israel withdraws forces from Shouf mountains; Druze Muslim militiamen win control of nearby areas 9/6.

SEPT. 7. Saudi Arabia abandons effort to achieve cease-fire between Druze forces and the Lebanese Army; Lebanese government asks international peacekeeping forces to help control hills surrounding Beirut.

SEPT. 8. In first such bombardment, US naval guns fire on Druze positions.

SEPT. 12. Six parties of Begin's governing coalition agree to form new government under former Foreign Minister Shamir; after weeks of intense bargaining, Shamir's new government wins endorsement by Knesset [60–53–7] 10/10.

SEPT. 13. US announces that Marine peacekeeping forces have been authorized to call in naval gunfire and air strikes to defend themselves.

SEPT. 16. PLO leader Arafat arrives in Lebanon for first time since 6/83 expulsion by Syria.

SEPT. 17–18. US naval guns fire for first time on targets in Syrian-controlled Lebanon; Syria warns it will return any fire aimed at its positions.

SEPT. 19. US Navy, assisting Lebanese Army defenders, shells Druze positions in hills above Beirut; White House defends move as "vital to safety" of US peacekeepers; France criticizes US action.

SEPT. 20. White House and congressional leaders, in move to avert confrontation over application of 1973 War Powers Act, agree to resolution authorizing US Marines to stay in Lebanon for up to 18 months; resolution approved by Congress 9/29.

— White House names career diplomat Reginald Bartholomew to be new US Ambassador to Lebanon, replacing Robert Dillon.

SEPT. 22. French combat planes attack antigovernment positions east of Beirut in retaliation for shelling of French peacekeeping headquarters.

SEPT. 25. Syria and Lebanon announce cease-fire, negotiated with help of Saudi Arabia, to take effect 9/29.

OCT. 9. Five French Super Etendard combat aircraft are reportedly delivered to Iraq.

OCT. 13. Israeli Finance Minister Yoram Aridor resigns after Cabinet rejects his plan to link shekel to US dollar.

OCT. 23. 241 US Marines and Navy personnel are killed in suicide truck-bomb attack against barracks of US peacekeeping forces in Beirut; near-simultaneous attack against French compound leaves 58 dead; Reagan deplores "vicious, cowardly" attack, reaffirms US commitment to peacekeeping effort.

OCT. 30. Earthquake near Horasan, Turkey, kills 1,233 persons.

OCT. 31. Lebanese national reconciliation talks begin in Geneva, Switzerland; talks adjourn 11/11 with no progress reported.

Nov. 3. Syrian-backed PLO rebels begin major attack on positions held by forces loyal to PLO leader Arafat outside Tripoli, Lebanon; Arafat positions in Beddawi refugee camp fall to rebels 11/16; Arafat sets up new headquarters in downtown area, vows to "fight to the end" 11/17.

—Reagan appoints former Secretary of Defense Donald H. Rumsfeld as special U.S. envoy to Middle East, replacing McFarlane, who was appointed as Reagan's adviser for national security affairs 10/17.

Nov. 4. Suicide truck-bomb attack destroys Israeli headquarters in Tyre, Lebanon, killing 60 persons and wounding 30; in retaliation, Israeli jets strike Palestinian positions in mountains east of Beirut.

Nov. 6. Independent Motherland Party wins 212 seats in 400-member Turkish Parliament in first elections since 1980 military coup; party leader Turgut Ozal forms government 12/7, takes office 12/13.

Nov. 13. Syrian President Assad reportedly suffers heart attack; scheduled visit by Lebanese President Gemayal is postponed; Syrian press agency says illness is appendicitis.

— Reagan's National Security Advisor McFarlane warns that US will respond if Syrian gunners continue to fire upon American aircraft over Lebanon.

Nov. 17. French warplanes attack bases of pro-Iranian guerrillas in eastern Lebanon in retaliation for 10/23 bombing of French military barracks.

Nov. 23. Representatives of rebel PLO factions in Damascus accept Saudi Arabian-sponsored cease-fire to allow PLO Chairman Arafat to evacuate Tripoli.

Nov. 24. Israel exchanges 4,500 captured Palestinian and Lebanese guerrillas for return of 6 Israeli soldiers held by PLO.

Nov. 28–29. Israeli Prime Minister Shamir meets with Reagan in Washington; statement 11/29 announces negotiations toward duty-free US-Israeli trade, establishment of joint committee to coordinate military planning, maneuvers.

Dec. 3. UN Secretary General Javier Pérez de Cuéllar agrees to allow PLO troops to evacuate Tripoli under UN flags; UN Security Council unanimously supports decision; Israel sharply denounces move 12/8.

Dec. 4. Carrier-based US combat planes attack Syrian positions in Lebanon in response to Syrian attacks on unarmed US reconnaissance aircraft 12/3; one pilot killed and one captured as 2 of 28 US planes are shot down; Syria reports 2 dead and 10 wounded in attack.

— Eight US Marines are killed by artillery fire from Syrian-backed Druze militiamen near Beirut.

Dec. 9–19. Israeli gunboats repeatedly bombard PLO positions in Tripoli forcing postponement of evacuation; US officials publicly urge Israel 12/19 to permit evacuation.

Dec. 12. Series of bomb attacks at US and French Embassies and elsewhere in Kuwait kill 7 persons and injure 66; Kuwait government arrests 18 alleged conspirators in attacks, says 12/27 1 other died in bombing.

Dec. 15. Reagan Administration announces plans to give military aid worth $1.4 billion to Israel and $1.1 billion to Egypt as outright grants under new program aimed at lessening burden on economies of military aid recipients.

— Approximately 2,500 Christian militiamen are evacuated under Israeli Army escort from Lebanon mountain town beseiged by Druze fighters since 9/83.

Dec. 16. Representatives of Lebanese Army and Muslim militias, meeting in Damascus, announce new cease-fire in contested areas of Lebanon; truce broken in heavy fighting following French withdrawal from positions south of Beirut 12/25.

Dec. 19. House Armed Services Committee panel charges Marine commanders in Beirut with "serious errors" which permitted success of 10/23 truck-bomb attack on US Marine contingent, asserts that Marine Commandant Gen. Paul X. Kelley gave misleading testimony regarding details of attack; Marine Corps rejects panel's conclusions, says testimony was based on "best information available."

Dec. 20. Arafat and estimated 4,000 troops are evacuated from Tripoli by Greek ships flying UN flags.

— Italy announces plans to reduce peacekeeping forces in Beirut from current force of 2,100 men.

Dec. 22. PLO leader Arafat meets in Cairo with Egyptian President Mubarak, restoring relations broken after signing of Egyptian-Israeli peace accords; Israel denounces meeting; US welcomes visit as "encouraging development."

Dec. 27. Reagan, saying officers commanding Beirut Marine contingent have "suffered enough," accepts blame for security lapses which permitted 10/23 attack on Marine barracks.

DEC. 28. Report by 5-member Defense Department commission says military commanders made serious security, intelligence errors which set stage for 10/23 attack on Marine outpost in Beirut; urges "reassessment" of US military role, diplomatic options in Lebanon.

SOUTH ASIA

JAN. 6. Indian Prime Minister Indira Gandhi suffers major political defeat as Congress Party loses control of Andhra Pradesh and Karnataka, two states in which it had been undefeated since 1947.

JAN. 15. International Red Cross says Soviet soldier captured by Afghan rebels has been transferred to Red Cross-sponsored internment in Switzerland.

JAN. 18. Western diplomats report large contingent of Afghan army troops in city of Khost has killed its Soviet advisers, defected to rebel forces.

JAN. 26–29. All 60 members of Indian Cabinet and Council of Ministers, except Prime Minister Gandhi, resign in sweeping post-election reorganization of ruling Congress Party.

JAN. 27. Afghan refugees in New York claim USSR killed more than 100 persons, including children, in 9/82 massacre south of Kabul.

FEB. 6. Indian Congress Party wins important victory in Delhi local elections.

FEB. 8. Diplomatic reports say Afghan rebel attacks near Kabul have left city without power for 4 days.

FEB. 18. Assamese tribesmen attack Muslim settlements in India, killing estimated 1,000 people; Indian government orders army into area 2/19; Prime Minister Gandhi denies responsibility for disturbances 2/25, blames foreign agitators.

MAR. 2. Government declares emergency measures to quell violence in Indian state of Assam; more than 30 persons are killed in continued ethnic unrest 2/2–2/3.

MAR. 10. India signs agreement with Pakistan establishing joint commission on economic, industrial and cultural relations.

MAR. 25. Bangladesh President Hussain Mohammed Ershad relaxes restrictions on political activity, sets new national elections for 1984.

MAR. 26. Maneka Gandhi, daughter-in-law of Indian Prime Minister Gandhi, forms opposition political party.

MAR. 27. Pakistan President Mohammad Zia ul-Haq lifts several press restrictions, but warns publications to exercise self-censorship.

MAY 18. Ruling United National Party wins 14 of 18 seats open in Sri Lankan parliamentary by-elections; government imposes state of emergency to quell violence following elections.

JUNE 17–24. UN-sponsored negotiations on withdrawal of foreign troops from Afghanistan convene in Geneva; no progress is reported.

JULY 23. India announces start-up of first domestically built nuclear reactor.

JULY 24. Rioting erupts in Sri Lankan capital of Colombo; spreads throughout country, leaving over 100 dead by 7/30.

AUG. 5. Confirming reports of continued violence between the country's Buddhist Sinhalese and minority Hindu Tamils, Sri Lankan Parliament bans all political parties advocating separatism; Tamil United Liberation Front boycotts parliamentary session.

AUG. 12. Sri Lankan government says 384 persons have been killed in recent ethnic unrest, including 34 civilians killed by military and security forces.

SEPT. 28. Local elections are held in Pakistan's Punjab province as first step toward promised restoration of Pakistani democracy; elections in Sind province, postponed until 10/2 due to political violence, are marked by low voter turnout due to boycott by major opposition parties.

OCT. 5. Sikh militants kill 8 Hindus in continuing wave of ethnic unrest in northern Indian state of Punjab; Indian government assumes direct control of Punjab 10/6.

NOV. 23–29. Leaders of Commonwealth nations meet in New Delhi; final communiqué calls for withdrawal of all foreign troops from Lebanon, condemns 11/15 declaration of independent Turkish Cypriot state, warns of need for nuclear disarmament.

DEC. 11. Bangladesh leader Ershad proclaims himself President, dissolves Cabinet, says martial law will remain in effect until planned 1984 elections.

DEC. 25. Ruling Congress Party of Indian Prime Minister Gandhi loses local election in southern state of Utter Pradesh to opposition candidate supported by Gandhi's daughter-in-law, but wins elections in 4 northern states.

EAST ASIA AND THE PACIFIC

NORTHEAST ASIA

JAN. 11. Japanese Prime Minister Yasuhiro Nakasone and South Korean President Chun Doo Hwan meet in Seoul, marking first Korean visit by Japanese head of state since Korean independence in 1948.

JAN. 13. Japan announces package of market-liberalization measures, revising import procedures on cars, pharmaceuticals, appliances and other products.

JAN. 18. South Korean President Chun says he will lift 2-year-old ban barring 567 politicians from political activity.

JAN. 19. Reagan, meeting with Prime Minister Nakosone in Washington, urges lowering of Japanese trade barriers, announces US-Japanese agreement to move forward with Japanese defensive rearmament, study Japanese access to Alaskan oil; USSR warns Japan of retaliation if it builds up military; US denounces Soviet warning 1/20.

JAN. 24. Prime Minister Nakasone, in address to Japanese Diet, calls for "review" of basic institutions, hints at changes in constitutional restrictions on military.

JAN. 30–31. Nakasone, meeting with visiting Secretary of State George P. Shultz, stresses dangers for Japan of Soviet military buildup in Far East.

FEB. 8. Nakasone government says it will permit US nuclear-powered aircraft carriers to dock in Japan.

MAR. 8. South Korean Supreme Court upholds death sentences of 2 men convicted of setting fire to US cultural center in Pusan 3/82; President Chun commutes sentenced to life imprisonment 3/15.

APR. 10, 24. Japanese Liberal Democratic Party loses 2 governorships but gains 81 local assembly seats in 2-round nationwide elections.

MAY 15. In first such official visit, Japan welcomes North Korean delegation to Tokyo to attend international conference of judicial experts.

JUNE 26. Ruling Liberal Democratic Party gains 3 seats in Japanese elections, increasing majority in upper house of Diet.

OCT. 9. Bomb, apparently intended for South Korean President Chun, kills 20 persons, including four South Korean Cabinet members, and wounds 48 others in Rangoon, Burma; South Korea blames attack on North Korea; Burma arrests two suspects in attack 10/10.

OCT. 12. Japanese court convicts former Prime Minister Premier Kakuei Tanaka, 4 codefendents of taking bribes from US Lockheed Corp.; sentences Tanaka to 4 years imprisonment and heavy fine; Tanaka vows to appeal verdict, retain seat in Diet.

NOV. 8. Japan agrees to export military technologies to US, but retains ban on exports to all other countries.

NOV. 8–14. Reagan visits Japan and South Korea; US-Japanese agreement to strengthen yen against dollar is announced in Tokyo 11/9; Reagan visits US troops near Korean demilitarized zone 11/12, stresses US commitment to South Korean security.

DEC. 18. Japanese Liberal Democratic Party wins only 250 seats in nationwide elections for 511-member Diet, losing majority; Democratic Socialists gain 7 additional seats; Social Democratic League, Communists sustain losses; former Prime Minister Kakuei Tanaka retains seat by landslide despite 10/12 bribery conviction.

DEC. 19. Liberal Democratic Party forms coalition with 8 independent candidates to retain control of Japanese Diet; Prime Minister Nakasone says he plans to keep post despite election setbacks, vows 12/24 to eliminate influence of discredited former party leader Tanaka.

SOUTHEAST ASIA, AUSTRALIA AND THE PACIFIC

JAN. 22. Philippine President Ferdinand E. Marcos, citing economic problems, announces sweeping 18% cut in government budget.

JAN. 23. More than 450 communist rebels surrender to Thai government authorities in northern Thailand, accepting amnesty offered 12/1/82.

JAN. 31. Estimated 4,000 Vietnamese troops begin major assault against Kampuchean rebels near Thai-Kampuchean border; some 25,000 Kampuchean refugees are forced into Thailand 2/5 as Vietnamese shell and burn major reguee camp.

FEB. 3. Australian Labor Party leader Bill Hayden says he will resign; party spokesman Robert Hawke is elected to replace him 2/8.

— Australian Prime Minister Malcolm Fraser calls for dissolution of Parliament, sets new elections for 3/5.

FEB. 10. Palau island chain approves plan for "free association" with US, but rejects proposal to allow US military to carry nuclear weapons on island territory.

MAR. 1. China offers 5-point peace plan on Kampuchea requiring Vietnamese withdrawal in return for improved Sino-Vietnamese relations, UN-supervised Kampuchean elections; Vietnam rejects proposal 3/8.

MAR. 5. Australian Labor Party wins additional 20 seats in national elections, gaining majority in 125-member House of Representatives; party leader Hawke is sworn in as prime minister 3/11.

MAR. 10. Indonesian President Suharto wins fourth 5-year term.

MAR. 11. Former Cabinet minister Andrew Peacock replaces outgoing Prime Minister Malcolm Fraser as leader of Australian Liberal Party.

MAR. 16. Thai Parliament rejects constitutional amendment which would give military a permanent role in the Senate; Prime Minister Prem Tinsulanonda dissolves Parliament 3/19; new elections set for 4/18.

MAR. 31. Vietnamese forces attack major Kampuchean refugee camp, killing estimated 200 persons; 20,000 refugees reportedly flee into Thailand.

APR. 4. Thai military reportedly bombards Vietnamese positions inside Thailand; US begins emergency shipment of arms to Thailand to reinforce border with Vietnam 4/8.

APR. 18. Thai general elections yield no clear majority; Prime Minister Tinsulanonda, after protracted negotiations, accepts appointment to second term, heading new pro-military coalition led by Thai Nation party.

MAY 2. Vietnam says it will withdraw up to 10,000 troops from Kampuchea over next 30 days.

AUG. 21. Philippine opposition leader Benigno S. Aquino Jr. is assassinated upon return from self-imposed exile in US; Philippine President Marcos claims no connection to killing, promises full investigation.

SEPT. 5. Malaysian Parliament adopts constitutional amendments limiting power of nation's king.

SEPT. 7. Philippine commission appointed to investigate Aquino assassination opens hearings in Manila; hearings suspended 9/12 pending resolution of legal disputes.

SEPT. 9. Over 20,000 Philippine citizens join in march commemorating assassinated opposition leader Aquino; smaller protests take place throughout Philippines.

SEPT. 21–22. Eleven people are killed and some 200 wounded in riot after anti-Marcos rally in Manila; Marcos, in TV address, threatens to respond with "extreme measures" if unrest does not stop; Reagan says he will not cancel scheduled 11/83 trip to Philippines.

SEPT. 22. UK reaches new defense agreement with Brunei, giving UK right to station and train troops on Brunei territory following independence 1/1/84.

SEPT. 24. Twelve people are killed and at least 300 wounded in terrorist attack during beauty pageant in Philippines; police officials blame communist New People's Army.

SEPT. 29. Reagan, citing unexpected changes in congressional schedule, cancels plans to visit Philippines, Thailand and Indonesia in 11/83; assures Marcos his friendship toward Philippines is "as warm and as firm as ever."

SEPT. 30. Head of Philippine commission investigating Aquino assassination resigns in wake of controversy over legality of his commission appointment; remaining commission members resign 10/10.

OCT. 22. New 5-member panel, made up entirely of private citizens, is sworn in by Philippine President Marcos to investigate assassination of Aquino; hearings begin 11/3.

NOV. 2. Estimated 680 anti-government guerrillas surrenders to Thai authorities under government amnesty plan.

NOV. 4. Burmese government, asserting proven North Korean role in 10/9 bomb attack against South Korean delegation visiting Rangoon, breaks diplomatic relations with North Korea, orders North Korean diplomats to leave country within 48 hours; North Korea dismisses Burmese charges as "sheer fabrication" 11/5.

DEC. 23. Laos returns remains of several US airmen shot down during Vietnam War.

CHINA AND TAIWAN

JAN. 2. China threatens trade retaliation if US restricts imports of Chinese textiles.

JAN. 4. Chinese Prime Minister Zhao Ziyang, on month-long tour of Africa, cancels Zaire's $100-million debt to China.

JAN. 13. US imposes unilateral import quotas on Chinese textiles retroactive to 1/1 in response to breakdown of trade talks; in retaliation, China announces ban 1/19 on 1983 imports of several US commodities.

Jan 25. As temporary reprieve expires, Chinese Supreme Court commutes death sentence of Jiang Qing, Mao Zedong's widow, to life imprisonment.

FEB. 18. China applies to replace Taiwan at Asian Development Bank; US and Japan reportedly endorse Chinese membership.

FEB. 24. Stanford University expels graduate student for publishing article on Chinese abortion practices despite official Chinese protests; student accuses university of yielding to pressure from Beijing government.

FEB. 25. China charges US with violating spirit of 1982 US-Chinese agreement on reduction of US arms sales to Taiwan; US on 2/26 denies accusation, stresses commitment to strong US-Chinese relations.

MAR. 1. China offers 5-point peace plan on Kampuchea requiring Vietnamese withdrawal in return for improved Sino-Vietnamese relations, UN-supervised Kampuchean elections; Vietnam rejects proposal 3/8.

APR. 4. US grants asylum to Chinese tennis star Hu Na; in response, China orders cancellation 4/7 of scheduled 1983 sports, cultural exchanges with US.

APR. 10. China warns Vietnam against further incidents on mutual border; reports killing 16 Vietnamese insurgents in Chinese territory 4/20.

JUNE 6–23. Chinese National People's Congress is convened in Beijing.

JUNE 15. Pan American World Airways resumes passenger service to Taipei, Taiwan; China lodges sharp protest 6/16, cancels Pan Am landing rights in China.

JUNE 21. Commerce Department relaxes restrictions on sales of US high-technology products to China.

JULY 15. US announces plans to sell $530 million in new arms to Taiwan; China denounces move 7/22, charging US with violating 8/82 communiqué on arms sales.

JULY 20. Japan reportedly agrees to lend China $286.6 million for development projects.

AUG. 7. Chinese Air Force test pilot defects to South Korea in MiG-21 aircraft.

SEPT. 25–29. Secretary of Defense Caspar Weinberger visits China, exploring opportunities for increased US-Chinese military cooperation.

OCT. 6. After new round of negotiations, China sharply criticizes British position on future of Hong Kong, and threatens unilateral announcement of policy if UK does not soften its stand.

OCT. 21. In most recent round of bilateral talks, China and USSR reportedly reach agreement on expansion of cultural and trade ties, but achieve no new progress on military or political disputes.

DEC. 3. Ruling Nationalist Party wins 62 of 71 open seats in Taiwanese legislative elections.

LATIN AMERICA

CENTRAL AMERICA AND CARIBBEAN

JAN. 1. Bomb blast kills 20 bystanders outside presidential palace in Port-au-Prince, Haiti.

JAN. 7. Reagan Administration lifts 5-year-old embargo on arms sales to Guatemala, citing country's "significant steps to end human rights abuses.

— Salvadoran military commander in northern province, refusing orders transferring him to diplomatic post, places troops on alert and declares himself "in rebellion" against Defense Minister; President Alvaro Magaña announces settlement of dispute 1/12.

JAN. 10. Salvadoran appeals court rejects indictments of 5 former National Guardsmen charged in 12/80 killings of 4 US churchwomen, orders new indictment process.

JAN. 10–17. Nonaligned Third World nations meet in Managua; final communiqué condemns alleged US role in supporting destablization of Nicaragua, but falls short of outright condemnation sought by Cuba and Nicaragua.

JAN. 14. Nicaraguan Democratic Forces (FDN) rebel group offers to halt actions against Nicaragua in return for concessions including general amnesty, end of emergency rule, and freedom of press.

JAN. 19. Salvadoran rebel leader Rubén Zamora, in Washington, says guerrilla war has entered "new cycle," warns of new offensive in central and southern regions of El Salvador.

JAN. 20. US medical team returning from El Salvador cites "torture, starvation and malnutrition," urges White House not to certify country's progress on human rights issues.

JAN. 21. Reagan certifies to Congress that El Salvador is making progress on human rights despite "great obstacles" posed by Salvadoran civil unrest.

JAN. 24. Rebels reportedly capture 3 towns in northern El Salvador.

— UK and Guatemala hold talks on Guatemalan territorial claims in Belize; no progress reported.

JAN. 31. Guerrilla forces capture Salvadoran city of Berlín; city reoccupied by government forces 2/2.

FEB. 1–6. US and Honduras hold joint war games involving nearly 6,000 troops in largest such exercise ever in Central America; Nicaragua terms maneuvers "act of extreme aggression."

FEB. 5. US military adviser Sgt. Jay Stanley is wounded on helicopter flight during hostilities in Salvador's Usulutan province, first US serviceman wounded in Salvadoran conflict; Pentagon relieves 3 senior advisers for permitting Stanley to accompany Salvadoran troops in combat area.

FEB. 16. Secretary of State George P. Shultz rejects negotiations with Salvadoran guerrillas, says US will not bargain with groups which attempt to "shoot their way to power."

FEB. 22. US Ambassador to UN Jeane Kirkpatrick, returning from visit to Latin America, reportedly urges Reagan to provide more military aid to Salvadoran government to prevent guerrilla victory; Reagan asks congressional leaders 2/28 to approve $60-million increase in Fiscal Year 1983 military assistance.

FEB. 25. Salvadoran President Magaña sets up 3-man peace commission to consider amnesty for rebel fighters.

MAR. 1. Assistant Secretary of State for Inter-American Affairs Thomas O. Enders warns House panel that guerrilla victory in El Salvador would set stage for communist insurgencies throughout region.

MAR. 3. State Department announces that number of US military advisers in El Salvador will be increased from 35 to 55.

— Pope John Paul II begins 8-day visit to Central America, including stops in Nicaragua, Costa Rica, Panama, El Salvador, Guatemala, Belize, Honduras, and Haiti.

— Guatemala proceeds with execution of 6 accused terrorists despite papal appeals for clemency.

MAR. 4. In Managua, Pope John Paul II denounces leftist "people's churches," and criticizes 5 priests who hold positions in government; Pope's remarks are met with shouts and chanting from pro-revolutionary crowd.

MAR. 10. Reagan, in speech, urges $110 million in additional military aid for El Salvador.

MAR. 11. Salvadoran government arrests 3 soldiers in 10/82 killing of US citizen Michael David Kline.

MAR. 14. US recalls Ambassador to Guatemala for consultations, citing 2/9 government killings of 4 Guatemalans associated with US-sponsored aid project.

MAR. 23. Nicaragua, at UN Security Council, says more than 2,000 US-backed guerrillas have begun to infiltrate Nicaragua from bases in Honduras; accuses US 3/25 of trying to overthrow Sandinist government.

— Guatamalan President Ríos Montt lifts emergency powers declared 7/83; promises elections, transition to civilian government.

— Grenadian Prime Minister Maurice Bishop places armed forces on alert, charges US with planning to overthrow his government.

APR. 6. Melida Anaya Montes, second in command of Salvadoran Popular Liberation Forces (FPL), is murdered in Managua, Nicaragua.

APR. 10, MAY 15. Independent candidate wins mayoralty of Haiti's second largest city in nation's first free local elections since 1957; President Jean-Claude orders arrest of opposition legislator Alexandre Lerouge 5/14.

APR. 11. Foreign ministers of Mexico, Venezuela, Colombia and Panama meet in Panama for talks on the conflict in Central America.

APR. 13. Salvadoran Air Force commander demands resignation of Defense Minister José Guillermo García Merino, threatens to ignore García's orders after 4/15; García resigns, is replaced by National Guard commander Gen. Eugenio Vides Casanova 4/18.

APR. 15. Former Sandinist war hero Edén Pastora Gomez says his rebel group, the Democratic Revolutionary Alliance (ARDE), has begun "war of liberation" against Sandinist regime from bases in southern Nicaragua.

APR. 20–21. Foreign ministers of El Salvador, Nicaragua, Honduras, Guatemala, Costa Rica, Colombia, Mexico, Panama and Venezuela meet to discuss negotiated solutions to regional unrest; no progress reported.

APR. 21. Salvadoran FPL guerrilla group discloses suicide of its leader, Salvador Cayetano Carpio, in Managua, Nicaragua; names Salvador Guerra as new leader.

APR. 29. Salvadoran guerrillas announce new offensive, attack border bridges and customs house near Honduran border.

— Salvadoran appeals court dismisses charges against 3 persons suspected of involvement in 1981 killings of 2 US land-reform agents; Salvadoran Attorney General says he will appeal ruling 5/2.

MAY 3. House Permanent Select Committee on Intelligence approves [9–5] legislation banning covert US aid to Nicaraguan rebels; Reagan denounces bill as "irresponsible" 5/4; Senate Select Committee on Intelligence 5/6 approves compromise allowing $19 million in covert aid to rebels, but requires Administration statement of policy goals in region by 9/30.

— Nicaragua says 1,200 US-supported rebel troops have begun new offensive from bases in Honduras, asserts that Honduran troops have entered Nicaragua with rebels in northern provinces.

MAY 4. Salvadoran Constituent Assembly unanimously approves amnesty for guerrillas who surrender within 60 days; extends amnesty for additional 30 days 7/14.

MAY 9. US reduces import quota on Nicaraguan sugar by 90 percent; Nicaragua denounces move, files protest with General Agreement on Tariffs and Trade 5/11.

MAY 25. US military adviser Lt. Cdr. Albert A. Schaufelberger 3d is shot and killed in San Salvador; radical left guerrilla group Farabundo Marti Liberation Front (FMLN) claims responsibility 5/27.

MAY 26. US announces plan to open training base in Honduras for Salvadoran soldiers.

MAY 27. Assistant Secretary of State for Inter-American Affairs Thomas O. Enders is replaced by Ambassador to Brazil Langhorne A. Motley.

JUNE 2. Ambassador to Nigeria Thomas R. Pickering replaces Deane R. Hinton as Ambassador to El Salvador.

JUNE 6. Nicaragua orders expulsion of 3 US diplomats for allegedly plotting to kill Sandinist official; US denounces charges, orders expulsion of 21 Nicaraguan consular officials, closes all 6 Nicaraguan consulates in US 6/7.

JUNE 6. Guatemalan military leaders make public request for national elections; President Ríos Montt 6/13 promises elections in late 1984.

JUNE 9. Two US journalists are killed by land mine on road near Nicaraguan-Honduran border.

— Salvadoran FMLN guerrilla group offers to meet with US special envoy Richard Stone in effort to stop Salvadoran civil war.

JUNE 29. Guatemalan President Ríos Montt announces "state of alert"; restricts civil liberties, imposes press curbs.

JULY 1. Honduras, citing growing unrest, border raids, moves combat units to Nicaraguan border.

JULY 4–8. Twelve-nation Caribbean Community holds summit conference in Port of Spain, Trinidad; criticizes US for delays in implementing Reagan Caribbean Basin Initiative.

JULY 18. Reagan appoints former Secretary of State Henry Kissinger to head bipartisan commission to review US policy in Central America.

JULY 19. Nicaraguan Junta Coordinator Daniel Ortega Saavedra, in major address marking fourth anniversary of Sandinist revolution, proposes Nicaraguan-Honduran non-aggression agreement, freeze on all arms shipments to El Salvador, mutilateral negotiations on regional peace; US terms speech "positive step," but stresses need for "true democracy" in Nicaragua.

JULY 20. Reagan Administration certifies to Congress that human rights situation in El Salvador has improved.

— Defense Department announces extensive US-Honduran military maneuvers over next 4–5 months.

JULY 26. Cuban President Fidel Castro denounces alleged US military intimidation of Nicaragua; on 7/28 proposes international agreement to halt military aid, withdraw military advisors from Central America.

— Reagan, in letter to leaders of Mexico, Colombia, Panama and Venezuela, endorses Contadora Group peace negotiations.

JULY 28. House of Representatives approves [228–195] bill banning aid to Nicaraguan rebels by 9/30.

— Honduras suspends grain shipments to Nicaragua; negotiations on $15-million Nicaraguan trade debt to Honduras break down 7/29.

JULY 31. US envoy Stone meets with Salvadoran rebel leader Zamora in Bogota, Colombia; US terms meeting "positive" 8/1.

AUG. 1. Department of Defense says Soviet deliveries of military equipment to Nicaragua have risen sharply since start of 1983.

AUG. 8. Guatemalan military officers overthrow government of President Ríos Montt; Defense Minister Brig. Gen. Oscar Humberto Mejía Victores sworn in as President; Mejía lifts curbs on civil liberties 8/9.

AUG. 10. Citing risk of US military invasion, Nicaraguan leadership announces legislation establishing military conscription.

AUG. 14. Mexican President Miguel de la Madrid Hurtado, during Reagan visit, warns US to avoid "shows of force" in trying to deal with Central American problems.

AUG. 29. Salvadoran rebel leaders meet with 3-man Peace Commission in Bogota, Colombia; rebel leaders meet 8/30 with US envoy Stone meets in Costa Rica; Stone says 8/31 that rebels "apparently reject" role in new elections.

SEPT. 8. Two light planes flown by members of ARDE rebel group bomb Managua's airport, killing 1 person and wounding 3 others; Nicaraguan air defenses shoot down 1 plane, killing pilots.

SEPT. 19. St. Kitts-Nevis gains independence; is admitted as 158th member of UN 9/23.

SEPT. 22. Senate Intelligence Committee votes [13–2] to release $19 million requested by White House to aid anti-Sandinist guerrillas in Nicaragua.

SEPT. 29. Salvadoran Peace Commission meets with Salvadoran rebel leaders in Bogota, Colombia; rebels reportedly suggest new talks be held in El Salvador to form new government; Commission president Francisco Quiñonez dismisses proposal as "propaganda stunt."

OCT. 1. Defense ministers of Guatemala, Honduras and El Salvador, meeting near Guatemala City, agree to revive Central American Defense Council to help protect their countries against "Marxist-Leninist aggression."

—Nicaragua says it will begin pursuing rebel attackers across borders into staging areas in Costa Rica and Honduras.

OCT. 3. Nicaraguan antiaircraft guns shoot down US-made rebel aircraft supplying guerrillas in mountains along Honduran border; captured pilot reportedly describes CIA involvement in planning guerrilla operations.

—US condemns recent upsurge in right-wing violence in El Salvador, calling it "anathema" to development of democratic institutions.

OCT. 5. Colombian President Belisario Betancur Cuartas says Costa Rica, Honduras, El Salvador, Guatemala and Nicaragua have agreed to 21-point proposal on issues for future negotiations aimed at ending violence in region.

OCT. 9–15. Twelve-member Kissinger Commission tours Central America in preparation for report on regional unrest.

OCT. 12–15. Assistant Secretary of State Motley visits Belize and Nicaragua, completing trip canceled in September when high Nicaraguan officials refused to meet with him.

OCT. 10. Rebels attack Nicaraguan port city of Corinto from sea, setting fire to major oil and gasoline storage tanks and forcing evacuation of city; Sandinist leader Ortega announces gasoline controls, requests arms from friendly governments to "defend Nicaragua's shores and air space."

Oct. 13. Grenadian Prime Minister Bishop is put under house arrest after refusing to accept leadership bid by his deputy, Bernard Coard, and others; Bishop freed by crowd 10/19, but dies in gunfight with troops led by army commander Gen. Hudson Austin; military council led by Austin assumes leadership of island 10/20.

Oct. 20. Nicaragua presents US with 4 draft treaties for mutual security arrangements in Central America.

Oct. 25. US military forces, together with troops from 6 Caribbean states, invade island of Grenada to end "atmosphere of violent uncertainty" seen to have prevailed since 10/13 coup; 18 US troops are killed as Grenadian and Cuban troops put up brief but determined resistance, but most positions fall to invading forces by 10/26; estimated 27 Cubans killed, over 600 captured; Grenadian leaders Austin and Coard are arrested.

—Sisters of Guatemalan leader Mejía Victores and former leader Ríos Montt are freed by guerrilla kidnappers who abducted them 9/10 and 6/29, respectively; government on 9/11 refused any negotiations with abductors, but publication of guerrilla statement was permitted 10/25.

Oct. 27. House Foreign Affairs Committee approves resolution [32–2] applying War Powers Act to invasion; Senate [64–20] and House [403–23] approve similar measures on 10/28 and 11/1, respectively.

Oct. 28. US vetoes UN Security Council resolution condemning Grenada invasion; UN General Assembly approves similar measure [108–9–27] 11/2.

—Salvadoran judge orders trial of 5 National Guard members accused of killing 4 US religious workers in 1980.

Oct. 31. Pentagon admits that US forces in Grenada mistakenly bombed civilian hospital 10/25, killing at least 12 persons.

Nov. 2. US declares end of hostilities on Grenada, begins withdrawing forces; 67 wounded Cubans are returned to Havana.

Nov. 3. Senate, in voice vote, approves $19 million in aid for covert operations against Nicaragua.

— Federal district judge in San Francisco orders Attorney General William French Smith to investigate charges that Reagan Administration have violated Neutrality Act by supporting anti-government Nicaraguan guerrillas.

— US advisers in El Salvador say guerrillas have taken initiative in civil war, cite Salvadoran Army's problems with morale, leadership, logistics.

— CBS-TV News opinion poll says 91 percent of Grenadians welcomed US invasion.

Nov. 4. US Embassy in El Salvador reportedly presses Salvadoran government to take action against military officials involved in right-wing death squads.

Nov. 9. Grenadian Governor General Sir Paul Scoon names 9-member Advisory Council to serve as interim government until elections can be held.

— Nicauraguan rebel leader Pastora, in New York, asks for US aid for his own forces, cautions against U.S. intervention.

Nov. 10. Defense Secretary Caspar Weinberger, citing sporadic unrest and need for elections, says he is "totally unable to give any specific estimate" of date for withdrawal of US forces on Grenada.

Nov. 12. Over 20,000 protestors demonstrate in Washington against US invasion of Grenada and policies in Central America.

Nov. 14. US, at Organization of American States, defends Grenada invasion as necessary "to resolve a condition of anarchy."

Nov. 16. White House says all US combat troops will be withdrawn from Grenada by 12/23.

Nov. 26. Twenty-one Salvadoran military and police officials suspected of involvement in right-wing death squads are transferred from their jobs in apparent response to US pressure.

Nov. 30. Reagan vetoes bill tying US military aid to certification of improvement in Salvadoran human rights situation; House Majority Leader Thomas P. O'Neill Jr. calls veto "tragic error."

Dec. 15. Last 190 US combat troops are withdrawn from Grenada; approximately 300 US servicemen remain on island in noncombat roles.

— Jamaican Prime Minister Seaga wins second 5-year term in national elections; opposition People's National Party boycotts vote to protest alleged voter-registration irregularities, ceding entire 60-seat House of Representatives to Seaga's Jamaica Labor Party.

DEC. 20. Salvadoran police reportedly arrest Salvadoran army captain on charges related to 1/81 killings of 2 US land-reform advisers.

DEC. 30. Guerrilla forces overrun and destroy major army base near city of El Paraíso in northern El Salvador.

SOUTH AMERICA

JAN. 20. Civilian coalition Cabinet in Bolivia collapses with resignation of 6 ministers in dispute over presidential powers.

FEB. 6. Paraguayan President Alfredo Stroessner is elected to seventh 5-year term; sworn in 8/15.

FEB. 19. Panama accuses US Ambassador Everett Ellis Briggs of holding unauthorized meetings with junior Panamanian military officers, warns of expulsion if further incidents occur; US says meetings were nothing unusual 2/21.

— Colombia arrests 163 persons, including 59 soldiers, for role in 300 political assassinations since 1980.

FEB. 28. Argentine President Reynaldo Bignone sets national elections for 10/30, says military government to relinquish power by 1/30/84.

MAR. 3. US denies entry visa to widow of former Chilean President Salvador Allende Gossens, terming her planned visit "prejudicial to US interests."

MAR. 19. Ecuador adopts new austerity measures to meet IMF guidelines, devalues sucre, raises consumer prices; nationwide strikes protesting move paralyze much of nation 2/23–2/24.

MAR. 23. Chilean government devaluing peso, doubling tariffs, and raising taxes; 250 Chileans arrested during anti-government demonstrations in Santiago 3/24.

APR. 4. Thousands march in Sao Paolo, Brazil, to protest unemployment; demonstrations erupt into wave of rioting, looting 4/4–4/7.

— Leftist guerrilla group Shining Path reportedly massacres 67 peasants in Peruvian town of Lucanamarca.

APR. 11. Former Argentine leader Leopoldo Galtieri is jailed for 60 days for criticizing government handling of Falklands War; released early 5/27.

APR. 20. Four Libyan cargo planes which landed in Brazil 4/16 are found to be carrying arms and impounded by Brazilian authorities; Libyan leader Muammar el-Qaddafi apologizes 4/20 for failure to declare cargo; Nicaragua admits planes are carrying weapons bound for Managua 4/22; Brazil unloads planes 4/23–25, releases Libyan crews 4/25; US says arms shipment is "tip of the iceberg" in Soviet military support for Nicaragua; Brazil, Libya reach agreement 6/8 on return of planes to Libya.

APR. 21. Estimated 100 persons are killed in battle between peasants and Shining Path guerrilla group in Peru's Ayacucho province.

APR. 28. Military government in Argentina declares persons missing since police anti-terrorist repression of 1970s to be legally dead; human rights groups condemn action 4/29.

— Jaime Bateman Cayon, leader of Colombian M-19 rebel group, dies in plane crash near Panama border; group names Ivan Marino to succeed him.

MAY 20. Crowd of up to 40,000 people marches in Buenos Aires to protest Argentine government's 4/28 "final report" on persons missing in anti-terrorist repression of 1970s.

MAY 24. Crowd of 20,000 Chileans marches in Santiago to protest government policies; police use water cannons to disperse rock-throwing demonstrators, arrest nearly 250 persons.

MAY 25. Peruvian government orders state of emergency following strike by paramilitary guards in Lima; bombings attributed to Shining Path guerrilla group black out most of Lima 5/27; state of emergency extended for 60-day period 5/30.

JUNE 7. Argentina releases British assets frozen during 1982 Falklands War.

JUNE 27. Chilean President Augusto Pinochet warns against further strikes, unrest; threatens harsh response to maintain order.

JULY 11. Terrorists attack headquarters of incumbent Popular Action Party in Lima, killing 2 persons and wounding more than 30; President Fernando Belaúnde Terry leads funeral procession for attack victims 7/13.

JULY 13. Brazil implements broad-based austerity program to meet IMF guidelines; general strike to protest measures immobilizes São Paolo 7/21.

Aug. 11. US says it will provide up to $75 million in reconstruction aid to Peru, Ecuador, and Bolivia to aid recovery following worst droughts and floods in 40 years.

Aug. 12–13. Violent anti-government protests erupt in Santiago, leaving 24 Chileans dead.

Aug. 19. Crowd of 40,000 people marches in Buenos Aires to protest proposed amnesty which would prevent prosecution of military officials involved in human rights abuses during 1970s.

— Chilean President Pinochet grants amnesty to 1,146 political exiles; amnesty extended to additional 1,160 persons 8/27.

Aug. 25. Nationwide day of protest held by opposition parties in Uruguay.

Aug. 29. Chilean President Pinochet lifts state of emergency in effect since 1978.

Sept. 10. Peruvian government lifts state of emergency.

Sept. 23. Argentine government approves legislation extending amnesty to police and military forces involved in actions against leftists in 1970s; law also grants amnesty to some suspected terrorists.

Sept. 25. Crowd of more than 25,000 people marches through Montevideo, Uruguay, to protest military rule and demand amnesty for political prisoners.

Oct. 3. Argentine federal judge orders arrest of central bank president pending investigation of 9/83 international loan agreements; judge stripped of jurisdiction by appeals court 10/8.

Oct. 25. Suriname, citing concern over US invasion of Grenada, asks Cuban ambassador to leave, reduces diplomatic relations with Cuba to charge d'affaires level.

Oct. 30. Radical Civic Union candidate Raul Alfonsín is elected Argentine President, ending almost 8 years of military rule, and ending political dominance of Peronist party; RCU candidates win 129 seats in 254-member Chamber of Deputies; Alfonsín takes office 12/10.

Nov. 9. Ten thousand auto workers demonstrate in São Paolo, Brazil, against new austerity measures passed by Brazilian Congress.

Nov. 16. UN General Assembly adopts resolution [87–9–54] urging Argentina and UK to negotiate peaceful solution to "sovereignty dispute" over Falkland Islands.

Nov. 18. Argentina announces ability to produce enriched uranium, but insists it will use nuclear capacity only for "peaceful ends."

Nov. 23. Six-member Argentine military commission recommends trial of senior military leaders for role in 1982 Falklands War.

Dec. 9. Former Argentine President Isabel Martínez de Perón returns to Buenos Aires from exile in Spain to attend 12/10 inauguration of President Alfonsín.

Dec. 10. US lifts ban on arms sales to Argentina; Reagan certifies improvement in Argentina's human rights record.

Dec. 16. Argentine government establishes commission to investigate disappearances of estimated 6,000 persons under former military government.

Dec. 26. Argentine judge investigating deaths which took place under military rule bars former President Bignone, other former military leaders from leaving country.

AFRICA

Jan. 3. Mixed-race ("coloured") Labour Party votes to support new constitutional plan proposed by South African Prime Minister P.W. Botha; US applauds Labour Party decision 1/5.

Jan. 11. South-West African (Namibian) political leader Dirk Mudge resigns "in protest against the humiliating way" South Africa has treated his country's elected Council of Ministers; all other Council members resign in support 1/17.

Jan. 17. Citing economic problems and social unrest, Nigeria orders expulsion of some 2 million foreigners, mostly Ghanaians, living in country illegally; Ghana opens border 1/29 to admit returnees eventually numbering up to 2 million people.

— Israeli Defense Minister Ariel Sharon visits Zaire for talks on increased Zaire-Israel security ties; Zairian President Mobutu Sese Seko announces 5-year military cooperation agreement between the two nations 1/19.

Jan. 18. South Africa dissolves South-West African National Assembly; assumes direct rule.

Jan. 21. Tanzanian authorities report quashing revolt by disaffected army troops in northern part of country; press accounts report over 1,600 soldiers and civilians arrested.

JAN. 24. Two prominent Kenyans charged with treason in connection with 8/1/82 coup attempt against government of President Daniel arap Moi.

JAN. 26. US and Angola begin new round of talks on independence for South-West Africa.

JAN. 27–28. Nine-nation Southern African Development Coordination Conference meets in Maseru, Lesotho, to discuss common strategies for reducing economic reliance on South Africa; bomb blast, apparently set by South Africa-supported guerrillas, destroys water-storage tanks in Maseru as summit begins 1/27.

FEB. 8. UN Secretary General Javier Pérez de Cuéllar, in Tanzania, rejects US efforts to link Namibian independence to withdrawal of Cuban troops from Angola.

FEB. 13. Sabotage attack destroys fuel depot in Maseru, Lesotho; Lesotho blames South Africa, demands compensation 2/14.

FEB. 14. Report's from Zimbabwe's Matabeleland province say up to 500 persons have been killed by government troops sent to crush unrest led by followers of former guerrilla leader Joshua Nkomo.

FEB. 16. President Reagan acknowledges that US surveillance planes have been sent to Egypt amid reports of new tensions between Libya and the Sudan; White House aides confirm that US aircraft carrier *Nimitz* and 3 escort vessels have begun military exercises in international waters off Libyan coast.

FEB. 26. Algeria and Morocco hold first direct talks on West Saharan conflict.

FEB. 28. Libya and Chad begin talks to resolve growing Libyan-supported conflict in northwest Chad.

MAR. 5. Former Zimbabwean guerrilla leader Nkomo flees home after raid by army troops; escapes on foot through Botswana 3/8, arrives in London 3/13.

APR. 13. Prime Minister Leabua Jonathan of Lesotho says effective state of war exists between Lesotho and South Africa due to growing series of armed provocations and sabotage attempts by South Africa-sponsored rebel groups.

APR. 15. Sudanese President Mohammed Gaafar el-Nimeiry wins third 6-year term.

MAY 5. South African government submits new constitutional plan to Parliament.

MAY 15–16. Sudanese government of President Nimeiry puts down coup attempt led by army troops in southern Jonglei Province.

MAY 17. Kenyan President Daniel arap Moi calls for national elections 9/83, one year earlier than scheduled.

MAY 20. Car bomb outside South African Air Force headquarters in Pretoria kills 18 and wounds more than 200 others; banned African National Congress of South Africa (ANC) acknowledges responsibility 5/21; South African warplanes retaliate against alleged ANC positions in Mozambique 5/23.

MAY 23. President Teodora Obiang Nguema Mbasgo reportedly puts down coup attempt against his government in Equatorial Guinea; government reports arrest of 80 persons for participating in rebellion 5/24.

JUNE 8–12. Organization of African Unity meets in Addis Ababa, Ethiopia, with Ethiopian leader Col. Mengistu Haile Mariam as chairman.

JUNE 19. Ghana radio says army has put down mutiny by disaffected troops attempting to overthrow Rawlings government.

JUNE 23. Estimated force of 3,500 Libyan-supported rebels reportedly invades northern Chad.

— Under Secretary of State Lawrence Eagleburger, in major address, sharply condemns South African apartheid policies, reaffirms US commitment to policy of "constructive engagement."

JULY 9. South Africa executes 3 black ANC guerrillas.

JULY 11. France warns it may send troops to Chad if rebel advance endangers government of Chadian leader Hissen Habré.

JULY 25. US military airlift begins in support of Chadian government against Libyan-backed rebels.

JULY 30. Libyan warplanes reportedly bomb Chadian targets in support of rebel forces; US 7/31 accuses Libya of "open aggression" against Chad and calls for immediate withdrawal of Libyan forces.

— Zimbabwean government reportedly withdraws elite Fifth Brigade army unit from Matabeleland province following allegations of brutality and repression.

AUG. 3. US sends two AWACS reconnaissance planes to Sudan to monitor Libyan-backed attacks in Chad.

AUG. 4. US announces additional $15 million in emergency military aid for Chad.

AUG. 5. Government of Upper Voltan President Jean Baptiste-Ouedraogos ousted in coup led by former Prime Minister Thomas Sankara.

AUG. 6. Nigerian President Shehu Shagari wins second 4-year term in national elections; estimated 20 persons are killed in election-related violence 8/6–8/16.

— Chadian President Habré appeals directly to France to intervene in support of his government against rebel advance; France 8/9 says it will send up to 500 troops to provide logistical support and training to help Chad government defend itself.

AUG. 15. Former guerrilla leader Nkomo returns to Zimbabwe from 5-month self-imposed exile in London.

AUG. 19. France sends senior officer to command French troops in Chad.

AUG. 21. Three-party coalition led by Prime Minister Aneerood Jugnauth wins 41 of 62 parliamentary seats in national elections on Mauritius.

— France sends 10 combat aircraft to bolster forces in Chad.

AUG. 23. US announces withdrawal of AWACS reconnaissance planes from Sudan, saying planes are no longer needed to monitor fighting in Chad.

AUG. 31. Six white Zimbabwean air force officers are acquitted of sabotage charges, then immediately rearrested; Prime Minister Robert Mugabe defends incarceration of 4 officers under Emergency Powers Act 9/9; others are freed and deported 9/10; 3 of remaining prisoners released 12/22.

SEPT. 6. US judge, overruling Immigration and Naturalization Service, grants asylum to exiled South African poet Dennis Brutus.

SEPT. 26. Forty percent of Kenyan parliament, including 5 Cabinet members, lose seats in national elections.

OCT. 6. Niger's army crushes coup attempt against government of President Seyni Kountche.

OCT. 26. Zimbabwean government boycotts memorial service in Harare for US and French soldiers killed in Beirut; US regrets move 11/3.

OCT. 27. Zambian President Kenneth Kaunda is elected to third 5-year term.

NOV. 2. White South African voters, in national referendum, overwhelmingly approve new constitution allowing for limited political participation by Indian and mixed-blood "Coloured" racial groups.

NOV. 4. Zimbabwe bans all journalistic reporting from troubled Matabeleland region, as violence continues between government troops and followers of former opposition leader Nkomo.

DEC. 15. South Africa offers to withdraw troops from Angola for one month starting 1/31/84 in gesture to promote military disengagement in area; US welcomes move 12/16.

— Bomb damages South African Foreign Ministry building in Johannesburg, wounding 7 persons; banned ANC guerrilla group claims responsibility 12/17.

DEC. 24. South Africa reportedly begins offensive against Namibian guerrilla bases in southern Angola.

DEC. 29. High South African naval officer, Cmdr. Dieter Gerhardt, is convicted of spying for USSR.

OTHER GLOBAL DEVELOPMENTS

JAN. 5. Pope John Paul II names 18 new Cardinals, including Polish Archbishop Jozef Glemp and Chicago Archbishop Joseph I. Bernardin.

JAN. 23. Crippled Soviet Cosmos-1402 satellite falls to earth over Indian Ocean; USSR accuses US of creating unwarranted fears about satellite's descent; satellite's uranium-fuel core falls to earth over South Atlantic 2/7.

JAN. 25. Pope John Paul II signs new code of canon law, replacing code of 1917, and incorporating broad changes of Second Vatican Council.

FEB. 8. State Department releases annual report on global human rights violations; study highlights violations in Afghanistan, Cuba, Nicaragua, Philippines, South Africa, Soviet Union and Vietnam, cites improvements in Argentina, El Salvador.

FEB. 9. Eighteen-member Independent Commission on International Development Issues, headed by former West German leader Willy Brandt, issues report urging emergency aid and loan efforts to prevent new global debt crisis and depression.

FEB. 10. US negotiators at Geneva meeting of UN Committee on Disarmament propose plan for ban on development and stockpiling of chemical weapons.

MAR. 7–12. Group of 101 nonaligned nations holds meeting in New Delhi; final communiqué criticizes US role in Central America, urges disarmament, development aid.

MAR. 8. Senate fails [50–42] to ratify Montreal Aviation Protocols, aimed at limiting airline liability for crashes of international flights, by necessary two-thirds majority.

APR. 4–9. Space shuttle *Challenger* makes successful first flight; crew completes first "space walk" by Americans in 9 years.

MAY 6. Citing new guarantees regarding Israeli membership, US resumes financial support of International Atomic Energy Agency withdrawn 12/82 over movement to deny Israel's IAEA credentials.

JUNE 18–24. Space shuttle *Challenger* successfully completes second mission, carrying first US female astronaut, Sally K. Ride.

JUNE 27. Soviet Union launches 2-man Soyuz T-9 spacecraft; crew successfully docks with orbiting Salyut 7 space station 6/28.

JULY 3. Month-long session of UN Conference on Trade and Development ends in Belgrade, Yugoslavia; US rejects final communiqué on global economy as biased and one-sided.

AUG. 6. Spanish supertanker *Castillo de Bellver* breaks up off Cape Town, South Africa, spilling 250,000 tons of crude oil.

AUG. 30–SEPT. 5. Space shuttle *Challenger* completes eighth US shuttle mission, carrying first black astronaut, Lt. Col. Guion S. Bluford.

SEPT. 27. Soviet spacecraft, reportedly intended to relieve orbiting Salyut 7 space station, explodes during launch; cosmonauts aboard are saved as escape rocket fires safely; unmanned Progress 18 supply rocket launched 10/20 to dock with space station.

NOV. 10. Religious organizations around world mark 500th anniversary of birth of Martin Luther.

NOV. 28–DEC. 8. Space shuttle *Columbia*, carrying 6-man crew including first non-American on US space flight, successfully completes series of scientific experiments, including launching of European-built space laboratory.

DEC. 28. US formally announces intention to withdraw from UN Educational, Scientific and Cultural Organization 1/1/85 to protest increasing politicization of agency's functions.

ERRATUM

Winter 1983/84

1. In John Lewis Gaddis' "The Rise, Fall and Future of Détente": on page 377, line 9, the word "costs" was omitted after "disregards." The sentence should read: "For if the evidence of Korea and Vietnam tells us anything at all, it is that this country will not support a foreign policy based on containment that disregards costs."